FORWARD TOGETHER

Report to Unitholders 2019

Keppel REIT

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.

OUR QUALITY PORTFOLIO OF COMMERCIAL ASSETS IS HOME TO LEADING COMPANIES FROM DIVERSE SECTORS.

Forward together with our stakeholders, we are creating value through a proactive asset and capital management approach, as well as a sound investment strategy.

KEY FIGURES FOR 2019

High Portfolio Committed Occupancy
99.1%

Committed occupancies for the assets in Singapore, Australia and South Korea remain above market average.

Long Portfolio Weighted Average Lease Expiry (WALE)
4.9 years

Maintained long WALE of approximately 4.9 years for the portfolio and approximately 7.0 years for the top 10 tenants.

Improvement in Distribution Per Unit (DPU)
5.58 cts

Achieved year-on-year (y-o-y) improvement in DPU to 5.58 cents, and stable distributable income of $189.3 million, through a focused approach on portfolio optimisation and operational excellence.

Quality Portfolio
$7.9b

Diversified assets under management across Singapore, Australia and South Korea enhances income diversification and long-term growth opportunities.

Low Aggregate Leverage
35.8%

An improvement from 36.3% a year ago due mainly to lower gross borrowings after repayment of loans with divestment proceeds.

Reduced All-In Interest Rate
2.77%

All-in interest rate was reduced y-o-y to 2.77% per annum, with interest coverage ratio of 3.8 times for 2019. The interest rates of 76% of total borrowings[1] were fixed to mitigate impact of interest rate volatility.

Sustainability-Focused Assets
Green Buildings

All Singapore office assets have maintained the Building and Construction Authority's (BCA) highest Green Mark Platinum Award, while most Australian assets have achieved the 5 Stars National Australian Built Environment Rating System (NABERS) Energy rating.

Continued Commitment to Sustainability
GRESB

Maintained Green Star Status in the internationally-recognised Global Real Estate Sustainability Benchmark (GRESB) 2019.

[1] Included Keppel REIT's proportionate share of external borrowings carried at One Raffles Quay Pte Ltd and Central Boulevard Development Pte. Ltd.

CORPORATE PROFILE AND STRATEGIC DIRECTION

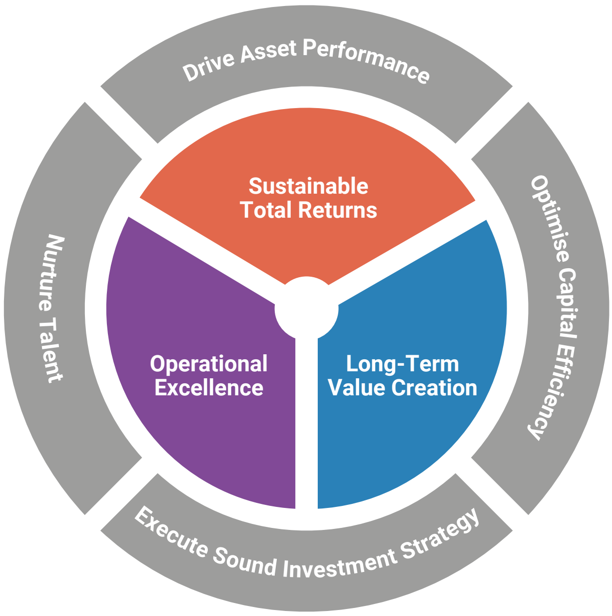
Keppel REIT was listed by way of an introduction on 28 April 2006. It is one of Asia's leading real estate investment trusts (REITs) with a portfolio of premium Grade A commercial assets in prime business and financial districts pan-Asia.

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

As at 31 December 2019, the REIT has assets under management of approximately $8 billion in Singapore, key Australian cities of Sydney, Melbourne, Brisbane and Perth, as well as Seoul, South Korea.

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

KEPPEL REIT AIMS TO BE THE LEADING COMMERCIAL REAL ESTATE INVESTMENT TRUST WITH A STERLING PORTFOLIO OF ASSETS PAN-ASIA.



DRIVE ASSET PERFORMANCE

- Provide quality office spaces that meet tenants' evolving business needs
- Maintain high occupancy, long WALE, as well as well-staggered lease expiry profile for steady income stream
- Execute proactive leasing and cost management strategies
- Implement initiatives to future-proof assets and enhance sustainability

OPTIMISE CAPITAL EFFICIENCY

- Optimise capital structure to maximise returns for Unitholders
- Extend debt maturity profile to manage refinancing risks, as well as explore alternative funding sources in debt and equity markets to minimise costs
- Manage exposure to fluctuations in interest and foreign exchange rates for income stability

EXECUTE SOUND INVESTMENT STRATEGY

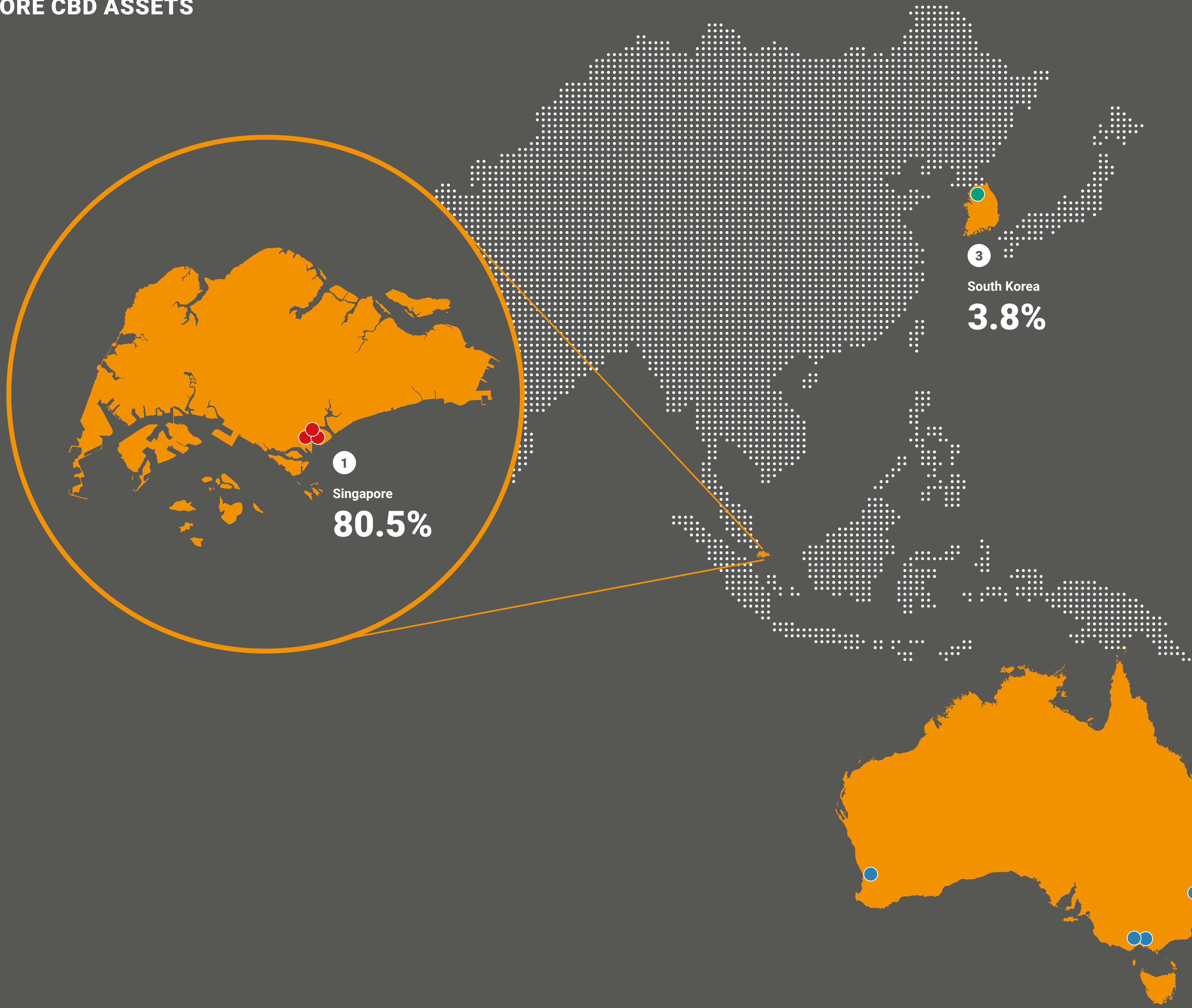
- Optimise portfolio to improve yield while maintaining exposure to Singapore's central business district
- Seek strategic acquisitions that offer sustainable income and capital appreciation
- Hold quality assets across different markets for improved income stability and long-term growth opportunities

NURTURE TALENT

- Develop a motivated and capable team to drive growth
- Invest in training and development to raise competency levels of employees
- Promote wellness to foster a healthy workforce

KEPPEL REIT'S PROPERTIES

QUALITY COMMERCIAL PORTFOLIO ANCHORED BY SINGAPORE CBD ASSETS



Assets Under Management

~$8b

Properties in key business districts of Singapore, Australia and South Korea

Market Capitalisation

~$4b

Listed on the mainboard of the Singapore Stock Exchange

Attributable Net Lettable Area

>3m sf

Modern office spaces for established tenants from diverse sectors

1

SINGAPORE

- Ocean Financial Centre
- Marina Bay Financial Centre
- One Raffles Quay

2

AUSTRALIA

- 8 Chifley Square, Sydney
- 8 Exhibition Street, Melbourne
- 275 George Street, Brisbane
- David Malcolm Justice Centre, Perth
- 311 Spencer Street*, Melbourne

3

SOUTH KOREA

- T Tower, Seoul

* Under development

Note: Based on assets under management as at 31 December 2019.

FINANCIAL HIGHLIGHTS

ACTUALS
for the financial year ended 31 December

	2019 $'000	2018 $'000	Change %
Property income	**164,053**[1]	165,858[2]	(1.1)
Net property income	**128,899**	133,155	(3.2)
Share of results of associates[3]	**77,897**	73,720	5.7
Share of results of joint ventures[4]	**28,525**	30,170	(5.5)
Distributable income	**189,261**	189,045	0.1

BALANCE SHEET
as at 31 December

	2019 $'000	2018 $'000	Change %
Total assets	**7,449,363**	7,784,451	(4.3)
Total liabilities	**2,285,583**	2,448,855	(6.7)
Unitholders' funds	**4,584,849**	4,757,285	(3.6)
Perpetual securities	**149,701**	149,701	–
Total borrowings (gross)[5]	**2,878,731**	3,043,816	(5.4)
Value of deposited properties	**8,032,156**	8,380,056	(4.2)
Market capitalisation[6]	**4,174,832**	3,868,475	7.9
Net asset value per Unit ($)	**1.36**	1.40	(2.9)
Adjusted net asset value per Unit ($) – excluding distributable income	**1.35**	1.39	(2.9)

FINANCIAL RATIOS

	2019	2018	Change %
Distribution per Unit (DPU) (cents)	**5.58**[7]	5.56[8]	0.4
Distribution yield[6] (%)	**4.5**	4.9	(8.2)
Interest coverage ratio (times)	**3.8**	3.9	(2.6)
All-in interest rate per annum (%)	**2.77**	2.81	(1.4)
Aggregate leverage (%)	**35.8**	36.3	(1.4)

1 Property income in 2019 comprised property income from Ocean Financial Centre, 50% interest in 275 George Street, 50% interest in 8 Exhibition Street office building and 100% interest in the three adjacent retail units, T Tower for the period of 28 May 2019 to 31 December 2019, and Bugis Junction Towers for the period of 1 January 2019 to 29 November 2019.
2 Property income in 2018 comprised property income from Bugis Junction Towers, Ocean Financial Centre, 50% interest in 275 George Street, 50% interest in 8 Exhibition Street office building and 100% interest in the three adjacent retail units.
3 Share of results of associates comprised Keppel REIT's one-third interests in the respective profit after tax of One Raffles Quay Pte Ltd (ORQPL), BFC Development Limited Liability Partnership and Central Boulevard Development Pte. Ltd. (CBDPL).
4 Share of results of joint ventures comprised Keppel REIT's 50% interests in the respective profit after tax of Mirvac 8 Chifley Trust and Mirvac (Old Treasury) Trust.
5 Included Keppel REIT's proportionate share of external borrowings carried at ORQPL and CBDPL. In 2018, this also included Keppel REIT's share of deferred payments in relation to the development of the Ocean Financial Centre carpark and retail podium, Marina Bay Financial Centre Towers 1 and 2, as well as Marina Bay Link Mall.
6 Based on the market closing price of $1.24 per Unit as at 31 December 2019 for 2019, and $1.14 per Unit as at 31 December 2018 for 2018.
7 Total DPU for 2019 of 5.58 cents was based on 1.39 cents, 1.39 cents, 1.40 cents and 1.40 cents announced during the 1Q 2019, 2Q 2019, 3Q 2019 and 4Q 2019 results announcements respectively.
8 Total DPU for 2018 of 5.56 cents was based on 1.42 cents, 1.42 cents, 1.36 cents and 1.36 cents announced during the 1Q 2018, 2Q 2018, 3Q 2018 and 4Q 2018 results announcements respectively.

QUARTERLY RESULTS

	Quarter 1		Quarter 2		Quarter 3		Quarter 4		Full Year
	$'000	%	$'000	%	$'000	%	$'000	%	$'000
Distributable income									
2019	**47,319**	**25**	**47,293**	**25**	**47,514**	**25**	**47,135**	**25**	**189,261**
2018	48,232	26	48,323	26	46,340	24	46,150	24	189,045
Property income									
2019	**40,017**	**24**	**39,913**	**24**	**42,378**	**26**	**41,745**	**26**	**164,053**
2018	39,734	24	51,654	31	36,655	22	37,815	23	165,858
Net property income									
2019	**31,311**	**24**	**31,063**	**24**	**33,170**	**26**	**33,355**	**26**	**128,899**
2018	31,220	23	43,206	33	28,204	21	30,525	23	133,155
Share of results of associates									
2019	**19,271**	**25**	**19,831**	**25**	**21,285**	**27**	**17,510**	**23**	**77,897**
2018	20,612	28	18,977	26	17,509	24	16,622	22	73,720
Share of results of joint ventures									
2019	**7,172**	**25**	**7,125**	**25**	**7,316**	**26**	**6,912**	**24**	**28,525**
2018	7,839	26	7,479	25	7,528	25	7,324	24	30,170

CHAIRMAN'S STATEMENT

KEY DEVELOPMENTS IN 2019
Strategic acquisition of T Tower and divestment of Bugis Junction Towers as part of portfolio optimisation.
Achieved stable total distributable income of $189.3 million and DPU of 5.58 cents for 2019.
Aggregate leverage lowered to 35.8% and all-in interest rate reduced to 2.77% per annum.
Initiated sustainability-focused funding with two green loan facilities.
High committed occupancy of 99.1%, long portfolio WALE of 4.9 years.

DEAR UNITHOLDERS,

2019 has been an eventful year for Keppel REIT. Trade frictions and geopolitical tensions weighed on global growth and resulted in increased economic uncertainties.

Against this economic backdrop, we intensified our core strategy of building a strong and resilient portfolio to deliver stable returns to Keppel REIT's Unitholders in the long term.

We took measured steps to diversify our income stream with the intent to position Keppel REIT for growth, while concurrently, maximising portfolio asset occupancy and rents by taking advantage of the near term limited supply of Grade A office space in Singapore.

In May 2019, Keppel REIT entered the South Korean office market with the strategic purchase of T Tower, a well-located freehold Grade A building in Seoul's central business district. This acquisition, together with Keppel REIT's Australian assets, complements Keppel REIT's Singapore-centric portfolio. We believe that investing in assets across Singapore, Australia and South Korea will enhance Keppel REIT's ability to deliver sustainable returns over time through changing property cycles in the different markets.

DELIVERING VALUE

Active portfolio optimisation was the key focus this past year. Where it fitted with Keppel REIT's long term strategy, we realised value by divesting lower yielding assets and reinvesting into higher yielding assets.

Following the divestment of a 20% stake in Ocean Financial Centre in December 2018, we acquired T Tower in May 2019 for $292.0 million[1] at an attractive initial net property income yield of 4.7%. This marked Keppel REIT's entry into the Seoul office market, a deep market with favourable fundamentals.

We divested Bugis Junction Towers in November 2019 for $547.7 million, realising a capital gain of approximately $378.4 million[2]. An asset-level return of 19.4% per annum over the holding period was achieved for this asset held since Keppel REIT's listing in 2006.

The portfolio optimisation efforts, and operational drive to capture rental upside and manage borrowing costs have enabled us to deliver stable distributable income for 2019, notwithstanding the cessation of rental support[3] and lower income contribution following the divestments of the 20% stake in Ocean Financial Centre and Bugis Junction Towers. Distribution per Unit (DPU) for the year was 5.58 cents, translating to a distribution yield of 4.5% based on the Unit closing price of $1.24 as at 31 December 2019.

DRIVING PERFORMANCE

While capitalising on opportunities to unlock value and capture growth, we remain focused on driving individual asset performance through proactive leasing and prudent cost management measures.

In 2019, the management team secured commitment of total leases of approximately 831,200 sf (attributable area of approximately 343,500 sf). Of the attributable spaces committed, approximately one-third were new leases and expansions from tenants mainly in the technology, media and telecommunications sector, real estate and property services sector, as well as banking and financial services sector, and the remaining committed leases were renewals and rent reviews.

Most leases concluded in 2019 were in Singapore. Average signing rent secured in 2019 for Keppel REIT's Singapore office leases was approximately $12.42[4] psf per month.

As at 31 December 2019, Keppel REIT's portfolio committed occupancy was at 99.1% and tenant retention rate for 2019 was 75%. The weighted average lease expiry for the portfolio and top 10 tenants were at approximately 4.9 years and 7.0 years respectively.

In 2020 we will see the commencement of two new major leases. In Singapore, HSBC Singapore's 10-year lease for its new headquarters in Marina Bay Financial Centre Tower 2 will commence in May 2020. In Australia, the 30-year lease to the Victoria Police at 311 Spencer Street in Melbourne is expected to commence in the second quarter.

ENHANCING CAPITAL EFFICIENCY

Focused and calibrated capital management was another area whereby the management team sought to optimise Keppel REIT's capital structure by reducing borrowing costs and improving returns. Debt maturities and hedging profiles were actively managed to reduce risk.

In 2019, we continued the DPU-accretive Unit buy-back programme, purchasing and cancelling approximately 67.1 million issued Units. On 10 April 2019, we successfully raised $200.0 million through an issuance of five-year convertible bonds at 1.9% per annum, which resulted in immediate interest savings and diversification of Keppel REIT's funding sources.

Keppel REIT had also obtained two green loan facilities in 2019, a major portion of which has been deployed to refinance some loans maturing in 2022. These green funding sources confirm our continuing commitment to sustainability and upholding high environmental standards at all our properties.

At the close of 2019, Keppel REIT's all-in interest rate was reduced to 2.77% per annum. Aggregate leverage was lowered to 35.8% following the repayment of certain loans. The interest rates of 76% of total borrowings are fixed, with the interest coverage ratio at 3.8 times and weighted average term to maturity at 3.4 years. In early 2020, we obtained commitments to refinance all loans that are maturing in 2020.

PENNY GOH
Chairman

To mitigate exposure to foreign exchange fluctuations, 74% of income from the Australian assets and 50% of income from the South Korean asset have been hedged into Singapore dollars.

1 Based on an exchange rate of KRW 1,000 to S$1.156 used for the purchase payment.
2 Based on the difference between the sale price and purchase price, after taking into consideration capitalised expenditures and divestment costs.
3 Refers to rental support in relation to Marina Bay Financial Centre Tower 3, which was fully drawn in the first quarter of 2019.
4 For the Singapore office leases concluded in 2019 and based on a simple average calculation.

COMMITMENT TO SUSTAINABILITY

We continually place importance on the material environmental, social and governance (ESG) issues identified in relation to Keppel REIT's operations and Keppel REIT's strategy formulation. The Board exercises strategic oversight, reviews and monitors these ESG issues and goals periodically taking into account input from the management team and its engagement with key stakeholders.

All of Keppel REIT's Singapore office assets maintained the highest Platinum status under the Building and Construction Authority's Green Mark Scheme. In Australia, most of Keppel REIT's office assets have achieved the 5 Stars National Australian Built Environment Rating System (NABERS) Energy rating.

Recognising that addressing climate change requires collective action, we organised events to rally all stakeholders to join us in reducing our environmental footprint. In conjunction with Earth Day, all of Keppel REIT's properties in Singapore and Australia commemorated Earth Hour by switching off all non-essential lighting for an hour. In collaboration with Public Utilities Board, eco-roadshows were held at our office lobbies to encourage water-saving habits. Recycling and electronic waste collection points were set up at most of Keppel REIT's properties.

To raise awareness of plastic pollution, we participated in the "Ayer Ayer Project Table" display jointly with Keppel Land. The display is an interactive microplastics artwork made from Singapore's shore debris.

Together with Keppel Capital, we continued our support of the Muscular Dystrophy Association (Singapore) (MDAS). In 2019, we dedicated a total of approximately 1,380 hours to community outreach programmes. Various activities, such as coffee art on canvas, clay making, prata flipping and urban gardening workshops, were organised for MDAS and other social welfare beneficiaries.

LOOKING FORWARD

We acknowledge the difficult challenges of a slowing global economy beset by unresolved trade and technology conflicts, increasing geo-political pressures and business disruption and uncertainties around the COVID-19 outbreak.

Office demand in Singapore may be impacted by such macroeconomic volatility and risks. However, CBRE Research is of the view that the limited new Grade A office supply in the near term is expected to lend support to Grade A core central business district rents.

Keppel REIT's $7.9 billion portfolio is anchored by Grade A premium office buildings, strategically located in Singapore's key financial districts.

The strong portfolio committed occupancy, long weighted average lease expiry and established tenant base will serve to support Keppel REIT's income resilience and long term capital value.

The management team will continue to pursue opportunities for growth in higher yielding markets in tandem with proactive asset and capital management, DPU-accretive Unit buy-back programme (subject to market conditions) and prudent distribution of capital gains, to enhance the stability of distributions to Unitholders.

ACKNOWLEDGEMENTS

On behalf of the Board and management, we are pleased to welcome Mr Ian Mackie, who joins the Board as an independent non-executive Director with a wealth of experience in real estate investment and funds management.

In closing, I would like to express my appreciation to Unitholders, business partners and valued tenants for their support, and the management team and staff for their dedication and hard work as we strive to execute on the ongoing strategy to build and optimise Keppel REIT's portfolio for the long term benefit of Unitholders.

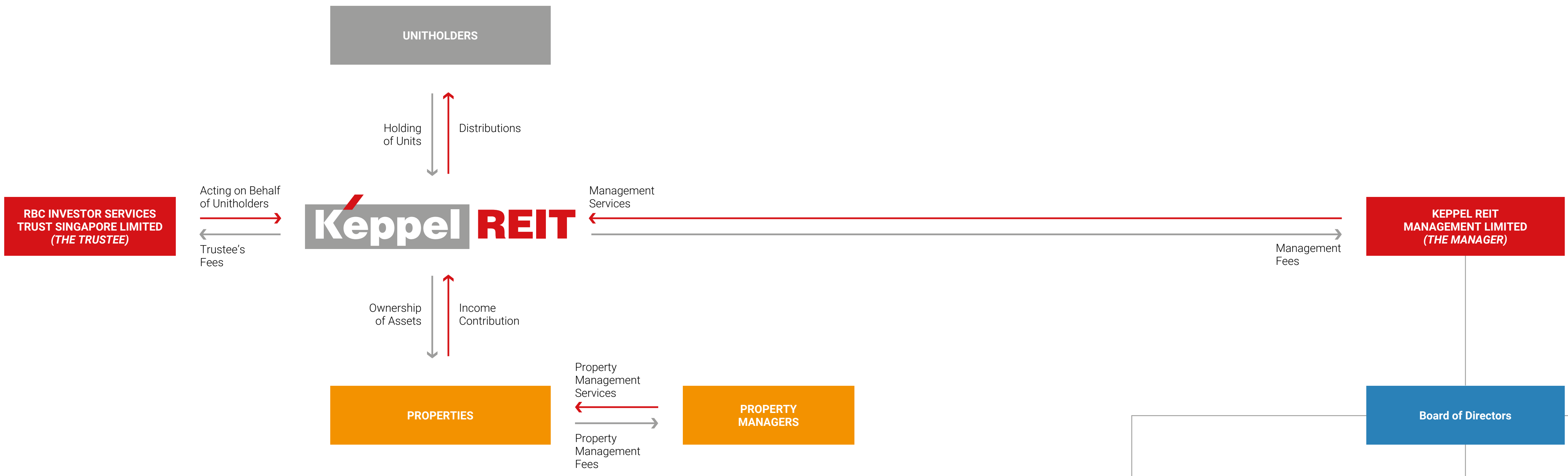
Yours sincerely,

PENNY GOH
Chairman
10 March 2020

1 Keppel REIT's portfolio is anchored by quality commercial assets strategically located in Singapore's key financial districts.

2 Keppel REIT's strategic investment in T Tower, a Grade A freehold office building in Seoul's central business district, complements Keppel REIT's Singapore-centric portfolio.

TRUST AND ORGANISATION STRUCTURE



Properties	Property Managers
Singapore	
Ocean Financial Centre *79.9% interest*	Keppel REIT Property Management Pte Ltd (for Ocean Financial Centre)
Marina Bay Financial Centre *33.3% interest*[1]	Raffles Quay Asset Management Pte Ltd (for Marina Bay Financial Centre and One Raffles Quay)
One Raffles Quay *33.3% interest*	
Australia	
8 Chifley Square, Sydney *50% interest*	Mirvac Real Estate Pty Limited (for 8 Chifley Square and David Malcolm Justice Centre)
David Malcolm Justice Centre, Perth *50% interest*	
8 Exhibition Street, Melbourne *50% interest*[2]	GPT Property Management Pty Limited (for 8 Exhibition Street)
275 George Street, Brisbane *50% interest*	Charter Hall Real Estate Management Services QLD Pty Limited (for 275 George Street)
311 Spencer Street, Melbourne *(Under development)* *50% interest*	
South Korea	
T Tower, Seoul *99.4% interest*	CBRE Korea Co., Ltd. (for T Tower)

1 Marina Bay Financial Centre comprises Towers 1, 2 and 3, as well as the subterranean mall, Marina Bay Link Mall.
2 Keppel REIT owns 50% interest in the 8 Exhibition Street office building and 100% interest in the three adjacent retail units.

BOARD OF DIRECTORS

Board Committees

A Audit and Risk Committee

N Nominating and Remuneration Committee

PENNY GOH, AGE 67
Chairman and Non-Executive Director

Date of first appointment as a director:
5 October 2016

Length of service as a director (as at 31 December 2019):
3 years 3 months

Board Committee(s) served on:
Nil

Academic & Professional Qualification(s):
Bachelor of Law (Honours), University of Singapore

Present Directorships (as at 1 January 2020):
Listed companies
Keppel Corporation Limited (as at 2 January 2020);
Mapletree Logistics Trust Management Ltd (the manager of Mapletree Logistics Trust)

Other principal directorships
HSBC Bank (Singapore) Limited

Major Appointments (other than directorships):
Allen & Gledhill LLP (Senior Adviser)

Past Directorships held over the preceding 5 years (from 1 January 2015 to 31 December 2019):
Eastern Development Private Limited;
Eastern Development Holdings Pte. Ltd.;
Allen & Gledhill Regulatory & Compliance Pte. Ltd.

Others:
Former Co-Chairman and Senior Partner of Allen & Gledhill LLP

LEE CHIANG HUAT, AGE 70
Independent Director

A

Date of first appointment as a director:
9 April 2012

Length of service as a director (as at 31 December 2019):
7 years 9 months

Board Committee(s) served on:
Chairman of Audit and Risk Committee

Academic & Professional Qualification(s):
Bachelor of Business Administration, University of Singapore; Master of Business Administration, University of New South Wales; Master of Social Science (Applied Economics), National University of Singapore

Present Directorships (as at 1 January 2020):
Listed companies
Keppel DC REIT Management Pte. Ltd. (the manager of Keppel DC REIT)

Other principal directorships
Jurong Port Pte. Ltd.;
Jurong Port Tank Terminals Pte. Ltd.

Major Appointments (other than directorships):
Nil

Past Directorships held over the preceding 5 years (from 1 January 2015 to 31 December 2019):
Channoil Asia Pte Ltd; Icurrencies Pte Ltd

Others:
Former Chief Financial Officer of Singapore Petroleum Company Limited and NOR Offshore Ltd

LOR BAK LIANG, AGE 62
Independent Director

A N

Date of first appointment as a director:
9 April 2012

Length of service as a director (as at 31 December 2019):
7 years 9 months

Board Committee(s) served on:
Member of Audit and Risk Committee; Member of Nominating and Remuneration Committee

Academic & Professional Qualification(s):
Bachelor of Engineering (Honours), University of Adelaide; Master of Science (Business Administration) and Master of Science (Civil Engineering), National University of Singapore; CFA® Charterholder

Present Directorships (as at 1 January 2020):
Listed companies
Nil

Other principal directorships
Werone Connect Pte Ltd

Major Appointments (other than directorships):
Nil

Past Directorships held over the preceding 5 years (from 1 January 2015 to 31 December 2019):
Nil

Others:
Former Executive Vice President and Head of Asset Management (Asia) in GIC Real Estate Pte Ltd

CHRISTINA TAN, AGE 54
Non-Executive Director

N

Date of first appointment as a director:
15 September 2016

Length of service as a director (as at 31 December 2019):
3 years 4 months

Board Committee(s) served on:
Member of Nominating and Remuneration Committee

Academic & Professional Qualification(s):
Bachelor of Accountancy (Honours), National University of Singapore; CFA® Charterholder

Present Directorships (as at 1 January 2020):
Listed companies
Keppel DC REIT Management Pte. Ltd. (the manager of Keppel DC REIT); Keppel Infrastructure Fund Management Pte. Ltd. (the trustee-manager of Keppel Infrastructure Trust)

Other principal directorships
Keppel Capital Holdings Pte. Ltd.; Alpha Investment Partners Limited; Keppel Capital Alternative Asset Pte. Ltd.

Major Appointments (other than directorships):
Keppel Capital Holdings Pte. Ltd. (Chief Executive Officer)

Past Directorships held over the preceding 5 years (from 1 January 2015 to 31 December 2019):
Various subsidiaries and associated companies of Alpha Investment Partners Limited and funds managed by Alpha Investment Partners Limited

Others:
Nil

TAN SWEE YIOW, AGE 59
Non-Executive Director

Date of first appointment as a director:
20 March 2017

Length of service as a director (as at 31 December 2019):
2 years 9 months

Board Committee(s) served on:
Nil

Academic & Professional Qualification(s):
Bachelor of Science (First Class Honours) in Estate Management, National University of Singapore; Master of Business Administration, Nanyang Technological University

Present Directorships (as at 1 January 2020):
Listed companies
Nil

Other principal directorships
Keppel Land Limited

Major Appointments (other than directorships):
Keppel Land Limited (Chief Executive Officer and Executive Director); Board of World Green Building Council (Director); Board of Singapore Green Building Council (Immediate Past President); Workplace Safety and Health Council (Construction and Landscape Committee Deputy Chairman); Management Committee of Real Estate Developers' Association of Singapore (Second Vice President)

Past Directorships held over the preceding 5 years (from 1 January 2015 to 31 December 2019):
Various subsidiaries and associated companies of Keppel Land Limited and Keppel REIT

Others:
Nil

BOARD OF DIRECTORS

ALAN RUPERT NISBET, AGE 69
Independent Director

A

Date of first appointment as a director:
1 October 2017

Length of service as a director (as at 31 December 2019):
2 years 3 months

Board Committee(s) served on:
Member of Audit and Risk Committee

Academic & Professional Qualification(s):
Diploma of Business Studies (Accounting), Caulfield Institute of Technology, Melbourne

Present Directorships (as at 1 January 2020):
Listed companies
Halcyon Agri Corporation Limited;
Ascendas Property Fund Trustee Pte Ltd (the trustee-manager of Ascendas India Trust);
KrisEnergy Limited

Other principal directorships
Standard Chartered Bank (Singapore) Limited;
RF Capital group of companies

Major Appointments (other than directorships):
Nil

Past Directorships held over the preceding 5 years (from 1 January 2015 to 31 December 2019):
Ascendas Pte. Ltd.; Accounting and Corporate Regulatory Authority

Others:
Nil

IAN RODERICK MACKIE, AGE 64
Independent Director

N

Date of first appointment as a director:
5 December 2019

Length of service as a director (as at 31 December 2019):
1 month

Board Committee(s) served on:
Chairman of Nominating and Remuneration Committee

Academic & Professional Qualification(s):
Bachelor of Arts (Economics & Law), University of Canberra; Associate, Society of Land Economists, Australia

Present Directorships (as at 1 January 2020):
Listed companies
Nil

Other principal directorships
Nil

Major Appointments (other than directorships):
Urban Land Institute, Australia (Chairman); Urban Land Institute Asia Pacific (Board Member); Urban Land Institute Asia Pacific Foundation (Board Member); Urban Land Institute (Global Governing Trustee)

Past Directorships held over the preceding 5 years (from 1 January 2015 to 31 December 2019):
Nil

Others:
Former International Director and Head of Private Equity and Strategic Partnerships at LaSalle Investment Management Asia Pte. Ltd.

SENIOR MANAGEMENT

PAUL THAM, AGE 38
Chief Executive Officer

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

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

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

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

Present Directorships (as at 1 January 2020):
Various subsidiaries and associated companies of Keppel REIT;
Keppel Pacific Oak US REIT Management Pte. Ltd. (the manager of Keppel Pacific Oak US REIT)

Past Directorships held over the preceding 5 years (from 1 January 2015 to 31 December 2019):
Ocean Mineral Singapore Pte. Ltd.;
Ocean Mineral Singapore Holding Pte. Ltd.;
Various subsidiaries of Keppel Capital Holdings Pte. Ltd.

KANG LENG HUI, AGE 42
Chief Financial Officer

Ms Kang has more than 19 years of experience in financial and corporate reporting, tax planning, management accounting and audit. Prior to joining the Manager, Ms Kang was the Financial Controller of Keppel Capital, the asset management arm of Keppel Corporation since July 2016. She was also previously the Chief Financial Officer of Keppel Infrastructure Fund Management, the trustee-manager of Keppel Infrastructure Trust (previously K-Green Trust) between June 2010 and May 2013. She had held other senior positions in both Keppel Land Limited and Keppel Corporation Limited where she was responsible for the financial and reporting functions, and also participated in various corporate finance exercises.

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

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

Present Directorships (as at 1 January 2020):
Various subsidiaries of Keppel REIT

Past Directorships held over the preceding 5 years (from 1 January 2015 to 31 December 2019):
Various subsidiaries of Keppel Capital Holdings Pte. Ltd.

TOH WAH SAN, AGE 61
Head, Asset Management

Mr Toh has over 30 years of experience in the construction and real estate industry, particularly in areas of development and asset management. Prior to joining the Manager, Mr Toh was an Executive Director at MC Asia Management, a boutique private equity real estate firm and was a Senior Vice President at GIC Real Estate responsible for the assets in Japan and Southeast Asia. He also served several years as Regional Director (Asset Management) with ING Real Estate and Rodamco Asia where he was responsible for the asset management across several Asian countries including Korea.

Mr Toh holds a Bachelor of Science Degree (Building) and a Masters of Business Administration, both from the National University of Singapore.

Present Directorships (as at 1 January 2020):
Various subsidiaries and associated companies of Keppel REIT

Past Directorships held over the preceding 5 years (from 1 January 2015 to 31 December 2019):
Nil

SENIOR MANAGEMENT

SHIRLEY NG, AGE 39
Head, Investment

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

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

Ms Ng holds a Bachelor of Accountancy (Honours) from Nanyang Technological University and a Master of Science (Financial Engineering) from National University of Singapore. She is a CFA® Charterholder.

Present Directorships (as at 1 January 2020):
Keppel REIT (Korea) Pte. Ltd.

Past Directorships held over the preceding 5 years (from 1 January 2015 to 31 December 2019):
Various subsidiaries and associated companies of funds managed by Alpha Investment Partners Limited;
Maplebear Early Achievers Pte. Ltd.

SEBASTIAN SONG, AGE 39
Financial Controller

Mr Song has more than 14 years of experience in financial reporting, consolidation, taxation, compliance and audit.

Prior to joining the Manager in 2015, he was a Senior Audit Manager with Ernst & Young LLP where he was involved in the audit of Singapore-listed corporations and multinational companies across various industries including real estate, construction and shipping, as well as initial public offerings.

Mr Song holds a Bachelor of Accountancy Degree from Nanyang Technological University. He is a Chartered Accountant (Singapore) and is a member of the Institute of Singapore Chartered Accountants.

Present Directorships (as at 1 January 2020):
Nil

Past Directorships held over the preceding 5 years (from 1 January 2015 to 31 December 2019):
Nil

MILESTONES

Q1

Achieved distributable income of $47.3 million and DPU of 1.39 cents for 1Q 2019

Q2

Achieved distributable income of $47.3 million and DPU of 1.39 cents for 2Q 2019, bringing distributable income and DPU for 1H 2019 to $94.6 million and 2.78 cents respectively

Entered Seoul office market with acquisition of T Tower, a freehold Grade A building in the central business district

Obtained Keppel REIT's first secured green loan facility of $505.0 million

Issued $200.0 million convertible bonds at 1.9% per annum

Convened Annual General Meeting and obtained Unitholders' approval for the renewal of the Unit buy-back mandate at the meeting

Q3

Achieved distributable income of $47.5 million and DPU of 1.40 cents for 3Q 2019, bringing distributable income and DPU for 9M 2019 to $142.1 million and 4.18 cents respectively

Topped out the development at 311 Spencer Street in Melbourne

Maintained Green Star Status in the Global Real Estate Sustainability Benchmark (GRESB) 2019

Q4

Achieved distributable income of $47.1 million and DPU of 1.40 cents for 4Q 2019, bringing distributable income and DPU for FY 2019 to $189.3 million and 5.58 cents respectively

Appointed Mr Ian Roderick Mackie as an independent non-executive Director of the Board

Divested Bugis Junction Towers as part of portfolio optimisation strategy

Increased sustainability-focused funding with second green loan facility of $150.0 million

Lowered aggregate leverage to 35.8% after loan repayment with part of divestment proceeds

Purchased and cancelled approximately 67.1 million issued Units in FY 2019

Keppel REIT marked the topping out of the development at 311 Spencer Street in Melbourne in August 2019.

INVESTOR RELATIONS

THE MANAGER REGULARLY ENGAGES THE INVESTMENT COMMUNITY TO COMMUNICATE ITS LONG-TERM STRATEGY OF VALUE CREATION.

Annual General Meetings provide a platform for Unitholders to engage with the Board of Directors and management.

The Manager values two-way communication to keep the investment community abreast of Keppel REIT's business developments and strategies, as well as gather feedback from investors.

The Investor Relations (IR) team works closely with the finance, asset management and investment teams to communicate the REIT's business strategy and developments to investors, research analysts and other stakeholders via various communication channels. The Manager's efforts are guided by a clearly defined set of principles and practices set out in its IR policy, which is available on the REIT's corporate website and reviewed regularly to ensure relevance and effectiveness.

PROACTIVE ENGAGEMENT

2019 was an eventful year for Keppel REIT with its portfolio optimisation efforts. The Manager proactively engaged with investors to articulate its strategy, as well as discuss the REIT's financial and portfolio performance. This included the REIT's entry into Seoul's central business district (CBD) office market, the divestment of Bugis Junction Towers in Singapore, its continued execution of the DPU-accretive Unit buy-back programme and the issuance of convertible bonds to manage interest cost.

During the year, the Manager engaged with a total of 535 analysts and institutional investors through regular meetings, conference calls, site visits, conferences and roadshows. The Manager participated actively in conferences and roadshows in Singapore, Amsterdam, Bangkok, Hong Kong, Kuala Lumpur, London, Philadelphia, Rotterdam, Seoul, The Hague and Tokyo, as well as in two new markets, Toronto and Montreal.

The Manager organised a briefing for media and analysts following the announcement of Keppel REIT's FY 2018 results in January 2019, while teleconference calls were held for analysts after the announcement of the REIT's quarterly financial results for FY 2019.

Keppel REIT convened its Annual General Meeting (AGM) on 23 April 2019 which was attended by 416 Unitholders. The REIT had also announced its entry into the South Korean office market with the acquisition of T Tower in Seoul's CBD just before the AGM. At the AGM, the CEO took the opportunity to explain the rationale for entering the Seoul office market in order to provide Unitholders with a better understanding of the market and the REIT's acquisition. All AGM resolutions were voted on by way of electronic poll, with poll results announced during the session and published on SGXNet on the same day. An independent scrutineer was also appointed to validate voting procedures and oversee the process, while minutes of the AGM were made available to all Unitholders on the corporate website.

To further deepen outreach to retail investors, the Manager participated in the UOB Kay Hian-REIT Association of Singapore (REITAS) office S-REITs seminar in March 2019. Keppel REIT also set up a booth at the annual REITs Symposium, which was jointly organised by ShareInvestor and REITAS, as well as supported by the Singapore Exchange and The Business Times. The event was well-attended by about 1,200 retail investors. In 2019, the Manager also presented at HSBC's Private Banking S-REITs Corporate Day and Citi's lunch dialogue to enhance outreach to the private banking clients and high net worth individuals.

TIMELY DISCLOSURES

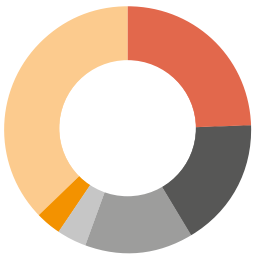
The Manager strives to keep the investment community abreast of corporate developments. Market-sensitive news and corporate actions are filed with the Singapore Exchange and are also promptly posted on Keppel REIT's mobile-friendly corporate website to provide stakeholders with timely and equal access to information. Subscription to email alerts is also available on the REIT's corporate website for investors who wish to receive prompt notifications of corporate announcements.

Keppel REIT's quarterly financial results are released within one month after the end of each quarter. Updates on the business operations, financial and portfolio performances, capital management efforts, as well as industry trends and outlook are provided to keep the investment community informed of developments.

UNITHOLDINGS BY INVESTOR TYPE (%)
as at 7 February 2020

Sponsor and related parties	49.3
Institutional	25.4
Retail	25.3
Total	**100.0**

UNITHOLDINGS BY GEOGRAPHY[1] (%)
as at 7 February 2020



Singapore	24.7
North America	16.8
Asia (excluding Singapore)	14.3
UK	3.8
Europe (excluding UK)	3.4
Others[2]	37.0
Total	**100.0**

1 Excluding Sponsor and related parties.
2 Others comprise the rest of the world, as well as unidentified holdings and holdings below the analysis threshold.

Research Coverage
Keppel REIT is covered by 17 research houses:

- Bank of America
- CGS-CIMB
- Citi
- CLSA
- Credit Suisse
- Daiwa
- DBS
- Goldman Sachs
- HSBC
- Jefferies
- JP Morgan
- Macquarie
- Morgan Stanley
- Morningstar
- RHB
- UBS
- UOB Kay Hian

Unitholder Enquiries
For more information, please contact the IR team at:

Telephone:
+65 6803 1649

Email:
investor.relations@keppelreit.com

Website:
www.keppelreit.com

INVESTOR RELATIONS

INVESTOR RELATIONS CALENDAR

Financial Year Ended 31 December 2019

Q1	Q2	Q3	Q4
FY 2018 post-results media and analyst briefing	1Q 2019 post-results analyst teleconference	2Q 2019 post-results analyst teleconference	3Q 2019 post-results analyst teleconference
FY 2018 post-results investors luncheon organised by Citi	1Q 2019 post-results investors luncheon organised by DBS	2Q 2019 post-results investors luncheon organised by Morgan Stanley	3Q 2019 post-results investors luncheon organised by Goldman Sachs
Nomura Global Real Estate Forum in Tokyo	Annual General Meeting on 23 April 2019	Citi-REITAS-SGX C-Suite S-REITs and Sponsors Forum in Singapore	Morgan Stanley's Asia Pacific Summit in Singapore
CLSA ASEAN Forum in Bangkok	dbAccess Asia Conference in Singapore organised by Deutsche Bank	HSBC's Private Banking S-REITs Corporate Day in Singapore	Investor roadshows in Bangkok with DBS and in Kuala Lumpur with Macquarie
UOB Kay Hian-REITAS Seminar in Singapore	REITs Symposium jointly organised by ShareInvestor and REITAS, and supported by the Singapore Exchange and The Business Times	NH Investment & Securities' Global REITs Forum in Seoul	Conference calls with Hong Kong investors organised by CLSA
	Lunch dialogue with Citi's private banking clients in Singapore	Investor roadshows in Canada and the US with CGS-CIMB, as well as in London and the Netherlands with DBS	
	Citi Asia Pacific Property Conference in Hong Kong		

INDEPENDENT MARKET REVIEW

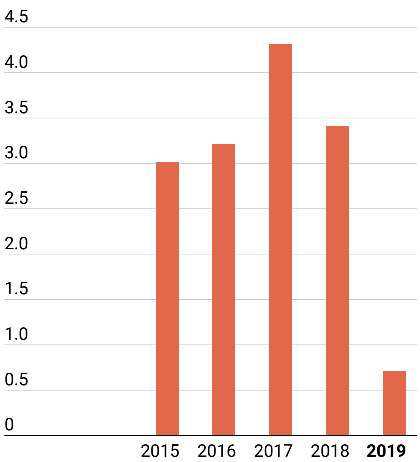
SINGAPORE REVIEW BY CBRE

THE SINGAPORE OFFICE MARKET IN 2020 IS EXPECTED TO BE STABLE, AMID LIMITED NEW OFFICE SUPPLY IN THE NEAR TERM.

SINGAPORE MARKET REVIEW

According to the Ministry of Trade and Industry (MTI), the Singapore economy grew by 0.7% in 2019, a sharp slowdown from the 3.4% growth recorded in 2018. Growth in 2019 was supported by the construction sector, which grew by 2.8%, a reversal from the 3.5% decline in 2018. This is in addition to expansion seen in the services industries, driven mainly by finance and insurance, other services and business services sectors.

SINGAPORE REAL GDP GROWTH (%)



	2015	2016	2017	2018	**2019**
GDP Growth	3.0	3.2	4.3	3.4	**0.7**

Sources: MTI, CBRE

The manufacturing sector however, contracted by 1.4%, largely due to output declines in the electronics, chemicals, precision engineering and transport engineering clusters.

SINGAPORE OFFICE MARKET OVERVIEW

Existing Supply

In 2019, islandwide office stock rose 0.5% y-o-y to 61.28 million sf.

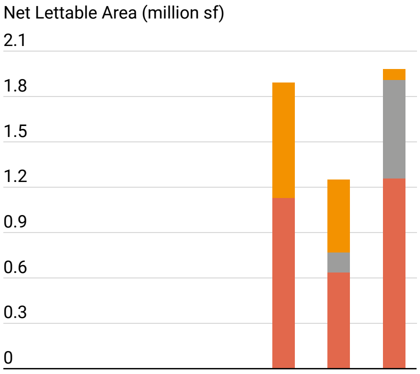
The central business district (CBD) Core remains a choice location for business headquarters and for corporates looking to house their front offices. Prominent buildings, including One Raffles Quay, Ocean Financial Centre and Marina Bay Financial Centre, are among the preferred developments, given their quality and location. By and large, firms located in the CBD Core include those from the finance and insurance, information technology, legal services and other business services sectors.

The CBD Core comprises four submarkets – the Marina Bay, Raffles Place, Shenton Way and Marina Centre submarkets – and accounts for 30.22 million sf (49.32%) of the islandwide office stock.

In 2019, office stock in the CBD Core contracted 0.6% y-o-y due to removal of stock for redevelopment. Out of the islandwide office stock, 13.62 million sf is classified as Grade A CBD Core office space.

INDEPENDENT MARKET REVIEW
SINGAPORE

SINGAPORE ISLANDWIDE FUTURE OFFICE SUPPLY (2020-2022) (million sf)



	2020	2021	2022
CBD Core	1.13	0.64	1.26
CBD Fringe	–	0.13	0.65
Decentralised	0.76	0.48	0.07
Total	**1.89**	**1.25**	**1.98**

Source: CBRE

Note: Due to rounding, numbers in this chart may not add up precisely to the total provided in the report.

Keppel REIT's Singapore assets, including One Raffles Quay, are located in the CBD Core, which is the choice location for corporates.

Future Supply
From 2020 to 2022, the total islandwide future supply is estimated to amount to 5.11 million sf. Of this, the CBD Core market will account for the bulk of pipeline supply (59.13%), while the Decentralised[1] and CBD Fringe[2] markets will account for 25.63% and 15.24% of pipeline supply respectively.

The total new office supply scheduled for completion in 2020 is approximately 1.89 million sf. Of this, 1.13 million sf is in the CBD Core, primarily attributable to the completion of HD 139 (84,000 sf), 55 Market Street's asset enhancement initiative (AEI) works (76,200 sf), 30 Raffles Place (312,900 sf), Afro-Asia i-Mark (140,000 sf) and 79 Robinson Road (514,000 sf). The completions of Centrium Square (107,000 sf), St James Power Station (118,400 sf) and Woods Square (534,400 sf) will add approximately 0.76 million sf of office supply to the Decentralised market.

Supply is expected to remain stable in 2021, with the known projected supply at approximately 1.24 million sf. Developments such as CapitaSpring (635,000 sf) in the CBD Core, the redevelopment of Hub Synergy Point (128,500 sf) in the CBD Fringe, Rochester Commons (264,800 sf) and Surbana Jurong Campus (216,100 sf) in the Decentralised market, form part of the pipeline supply in 2021.

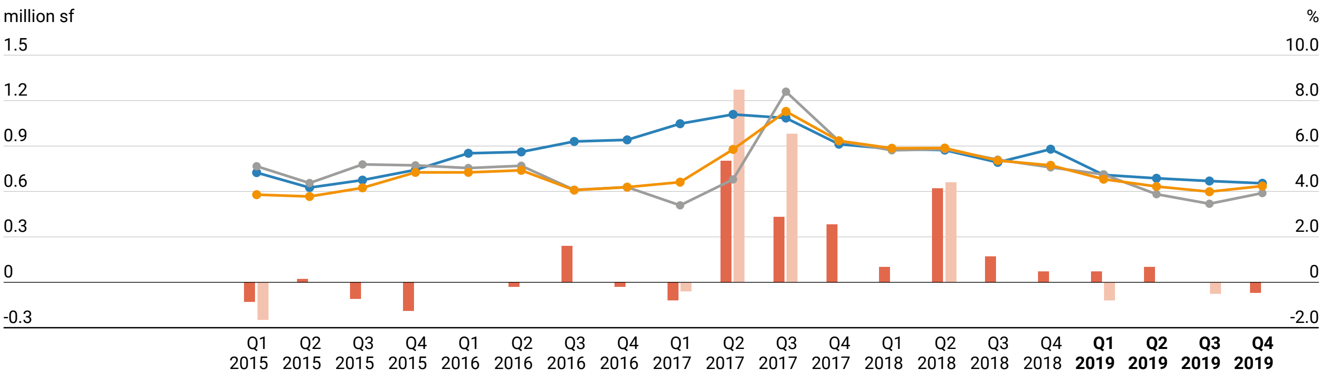
1 The Decentralised market is anchored mainly by clusters of offices in Alexandra/HarbourFront, as well as the western and eastern suburban areas.
2 The CBD Fringe market refers to the Tanjong Pagar, Beach Road/City Hall and Orchard Road districts.

BREAKDOWN OF SINGAPORE CBD CORE OFFICE SUPPLY (2020-2022)

Year	Proposed Project	Developer	Location	Estimated NLA (sf)
2020	HD 139	Ececil	139 Cecil Street	84,000
2020	55 Market Street (AEI)	AEW	55 Market Street	76,200
2020	30 Raffles Place	AEW, Oxley	30 Raffles Place	312,900
2020	Afro-Asia i-Mark	Afro-Asia Shipping, Shimizu Corporation	63 Robinson Road	140,000
2020	79 Robinson Road	CapitaLand, Mitsui, Tokyo Tatemono	79 Robinson Road	514,000
2021	CapitaSpring	CapitaLand Commercial Trust	50 Market Street	635,000
2022	Central Boulevard Towers	Wealthy Link (subsidiary of IOI Properties)	2 Central Boulevard	1,258,000

Source: CBRE

SINGAPORE CBD CORE DEMAND AND VACANCY



Net Absorption CBD Core (million sf)	(0.19)	(0.03)	0.38	0.07	**(0.07)**
Net New Supply CBD Core (million sf)	–	–	–	–	**–**
Vacancy Rate CBD Core (%)	4.85	4.20	6.24	5.16	**4.25**
Vacancy Rate Grade A (%)	5.16	4.20	6.23	5.07	**3.94**
Vacancy Rate Grade B (%)	4.96	6.28	6.09	5.87	**4.37**

Source: CBRE

New office supply in 2022 is estimated to be 1.98 million sf. The addition to office stock will primarily be from the CBD Core with the completion of Central Boulevard Towers (1,258,000 sf). Guoco Midtown (650,000 sf) and One Holland Village (68,600 sf) from the CBD Fringe and the Decentralised market respectively form the rest of upcoming supply in 2022.

Demand and Vacancy

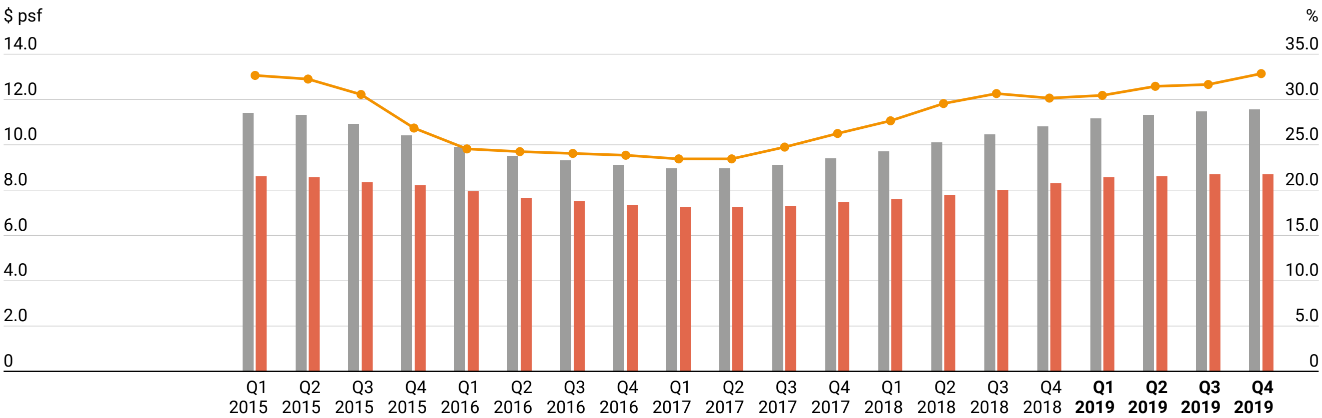
Total net absorption in the CBD Core office market for 2019 stood at 0.09 million sf. Current economic uncertainties coupled with the mismatch in rental expectations between occupiers and landlords have resulted in slower leasing activity. Towards the end of 2019, the agile space and technology sectors continued to be a major feature for office demand. However, it should be noted that demand from the agile space sector has slowed notably following its rapid expansion in recent years.

In 4Q 2019, vacancy rates in Singapore's office market tightened further; vacancy in the CBD Core market dipped from 5.16% in 2018 to 4.25% in 2019, and vacancy for the Grade A CBD Core market compressed from 5.07% in 2018 to 3.94% in 2019.

Rental Values

Amid tightening vacancy and limited new completions, Grade A CBD Core rents rose 6.9% y-o-y to $11.55 psf while Grade B CBD Core rents increased 4.8% y-o-y to $8.70 psf in 4Q 2019. This marked the 10th and 9th consecutive quarter of rental growth since the last trough in 2Q 2017 for Grade A CBD Core and Grade B CBD Core respectively. This was also equivalent to rental growth

SINGAPORE MONTHLY RENTAL VALUES

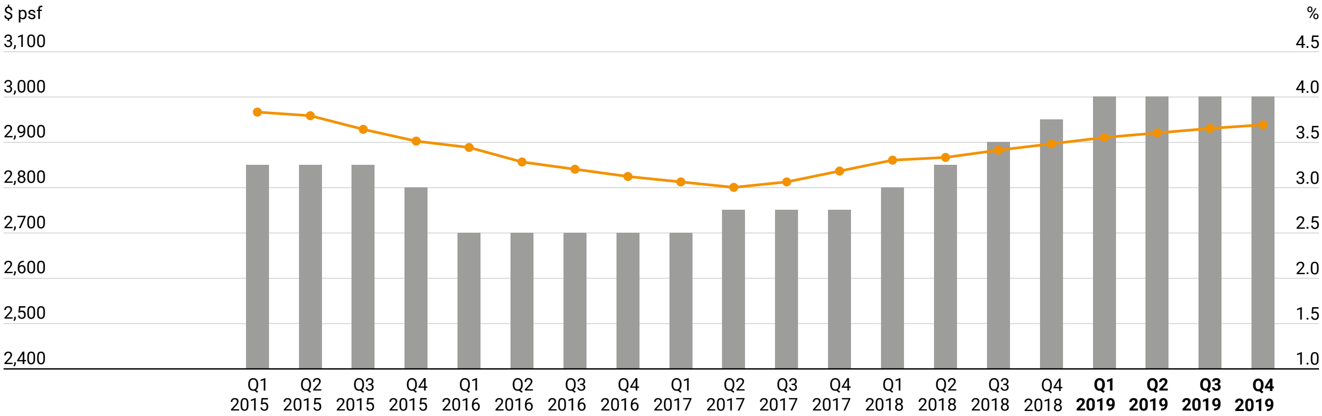


Grade A CBD Core ($ psf)	10.40	9.10	9.40	10.80	**11.55**
Grade B CBD Core ($ psf)	8.20	7.35	7.45	8.30	**8.70**
Premium (%)	26.8	23.8	26.2	30.1	**32.8**

Source: CBRE

INDEPENDENT MARKET REVIEW
SINGAPORE

SINGAPORE GRADE A CBD CORE OFFICE CAPITAL VALUES AND NET YIELD



	Q4 2015	Q4 2016	Q4 2017	Q4 2018	Q4 2019
Grade A CBD Core Capital Value ($ psf)	2,800	2,700	2,750	2,950	**3,000**
Grade A CBD Core Net Yield (%)	3.51	3.12	3.18	3.48	**3.69**

Source: CBRE

to date of 29.1% and 20.0% for Grade A CBD Core and Grade B CBD Core office space respectively.

Office Investment Market and Capital Values

Despite a tightening supply of quality commercial assets, 2019 saw steady investor interest with several major office deals. Notable transactions include the sale of the office and retail components of DUO by M+S Pte Ltd to Allianz Real Estate and Gaw Capital Partners for $1.6 billion ($2,522 psf), 30 Raffles Place by Oxley Beryl Pte Ltd to Golden Compass (BVI) Limited for $1.0 billion ($2,832 psf) and 71 Robinson Road by COMMERZ Real to SV Robinson for $655 million ($2,756 psf).

In 2019, Grade A Core CBD capital values increased by 1.7% y-o-y to $3,000 psf. At the same time, calculated Grade A CBD Core yields expanded by 21 basis points to 3.69%. Although rental growth has slowed, the Singapore office sector remains sought-after.

Office Market Outlook

Overall, global market uncertainties are expected to continue. Decline in global consumption and persistent disruptions to global supply chains and production may be witnessed, depending on the severity and extent of the COVID-19 outbreak, on the back of a slowdown in the Chinese economy. In addition, despite the Phase 1 trade deal, US-China trade relations remain unsettled. Furthermore, geopolitical pressures in the Middle East may affect financial and commodity markets. The aforementioned factors may weigh on Singapore's economic recovery. As such, the MTI expects Singapore's 2020 GDP growth to be around the mid-point of their forecast of -0.5% to 1.5%.

Office demand over the next 12 months may commensurate with the economic performance. Demand from the agile space sector has slowed notably following its rapid expansion in recent years. Only select agile space operators with strong corporate funding are likely to expand further. Other sectors that could feature in leasing activity include technology firms, private equity, family offices and professional services.

Over the next three years, the supply pipeline for the office market looks manageable. The limited new Grade A office supply in the near term is expected to lend support to Grade A CBD Core rents. Grade A CBD Core office vacancy is projected to remain stable over the next 12 months, and CBRE expects average Grade A CBD Core rents to hold steady at $11.55 psf in 2020, followed by a marginal decrease of 0.4% y-o-y to $11.50 psf in 2021.

Qualifying Clause

The information and materials presented in the Singapore report (the "Report") are provided for informational purposes only and are not to be used or considered as an offer or a solicitation to sell or an offer or solicitation to buy or subscribe for securities or other financial instruments or any advice or recommendation with respect to such securities or financial instruments. You should satisfy yourself about the completeness or accuracy of the Report and seek professional advice, in relation to your specific circumstance.

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INDEPENDENT MARKET REVIEW

AUSTRALIA REVIEW BY JLL

OFFICE LEASING DEMAND TO REMAIN STEADY, WITH A FLIGHT TO QUALITY TREND EVIDENT IN CERTAIN AUSTRALIAN CITIES.

THE AUSTRALIAN ECONOMY

According to the Australian Bureau of Statistics, the Australian economy grew 2.2% through 2019. Household consumption surprised to the downside once again, while dwelling investment continued to weigh on growth. On the positive side, public demand continued to grow at a fast pace, while net exports remained a key driver of overall growth.

Going forward, domestic demand is expected to remain subdued in the near term, but accommodative monetary policy settings should help support the broader economy. In its February 2020 Statement on Monetary Policy, the Reserve Bank of Australia expects Australia's GDP growth to come in at 2.75% over 2020, before picking up further to 3.0% over 2021.

AUSTRALIA OFFICE MARKET OVERVIEW

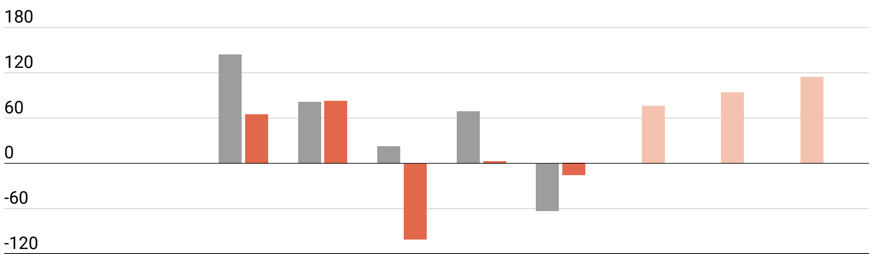
Sydney

Sydney CBD occupier demand remained relatively robust in 2019. However, office demand has moderated from 2018, with limited vacancy coupled with a broadly slowing economy impacting office take-up over the year.

Net absorption in 2019 was -63,200 sm. While demand drivers remained steady, stock withdrawals and limited space options negatively impacted headline demand figures. Despite the negative reading, office demand remained broad, with take-up from legal firms and from professional and financial service groups.

Two projects were completed in the year – Sixty Martin Place (38,800 sm) and

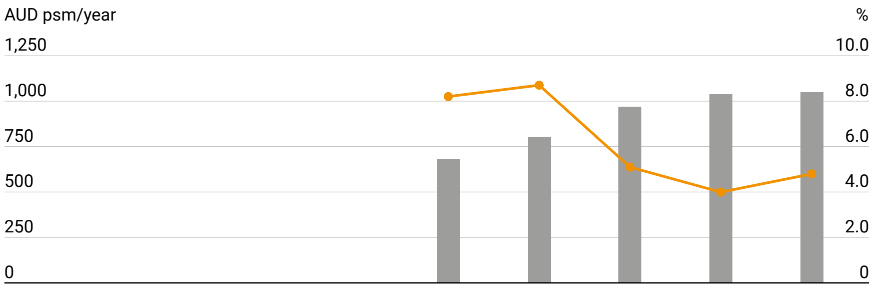
SYDNEY CBD DEMAND AND SUPPLY ('000 sm)



	2015	2016	2017	2018	2019	2020	2021	2022
Net Absorption	144.8	81.6	22.3	68.9	(63.2)	–	–	–
Net New Supply	64.8	82.7	(101.1)	2.6	(16.0)	–	–	–
Forecasted Net New Supply						76.3	94.3	114.5

Source: JLL

SYDNEY CBD RENT AND VACANCY



	Q4 2015	Q4 2016	Q4 2017	Q4 2018	**Q4 2019**
Prime Gross Effective Rent (AUD psm/year)	679	799	964	1,032	**1,045**
Prime Grade Vacancy (%)	8.2	8.7	5.1	4.0	**4.8**

Source: JLL

INDEPENDENT MARKET REVIEW
AUSTRALIA

Daramu House (10,000 sm), while eight buildings totalling 63,900 sm were withdrawn. The buildings were withdrawn for either office redevelopment or refurbishment.

Given moderating demand, vacancy trended slightly higher in 2019. Total vacancy reached 5.0%, up from 4.1% in 2018. Prime vacancy was higher at 4.8% compared to 2018, while secondary vacancy increased to 5.3%. Despite rising vacancy levels, vacancy remains well below long term historical averages.

Sydney CBD rental growth has been very strong in recent years, underpinned by low vacancy and occupier competition for prime contiguous space. However, rental growth has started to moderate with vacancy beginning to trend upwards and with new completions providing more space options.

In 2019, Sydney CBD prime gross effective rents rose by a modest 1.2%, down from the 7.1% growth recorded in 2018. The slowing growth profile was largely a result of rising incentives as face rents remained firm. This trend is expected to continue in the short term, with recovery expected in the medium to long term.

Investor demand remains very strong, with multiple capital sources seeking prime Sydney CBD assets. Transaction volumes reached AUD 9.4 billion, marking 2019 as the most active year for the investment market on record.

As a result, yields continued to compress. Prime yields tightened by 25 basis points (bps) in 2019 to 4.50% (midpoint), while secondary yields also compressed by 25 bps to 4.75%. The prime-secondary yield spread remains narrow at just 25 bps. This is well below historical averages, reflective of the current strong investment market.

Office demand in the Sydney CBD is expected to remain stable over the medium term, with net absorption forecast to average 48,300 sm per year between 2020 and 2022. Despite expected stable demand side conditions, vacancy is anticipated to trend higher over this period, largely on account of new supply. The supply cycle is expected to peak in 2022, when total stock is forecasted to increase by around 114,500 sm.

Given the projected rise in the vacancy profile, rental growth is forecast to moderate further. Annual prime gross effective rental growth of 1.9% on average is anticipated for 2020 and 2021, while secondary rents are forecast to remain flat over the same period. A modest recovery is expected thereafter, barring unforeseen external macroeconomic shocks.

Melbourne

Office demand in Melbourne has been very strong in recent years, with net absorption between 2015 and 2018 averaging 144,100 sm. However, primarily due to very low space options for occupiers, net absorption in 2019 was just 21,500 sm.

Strong demand continued for prime assets, with a flight to quality trend evident. However, there are some emerging headwinds, particularly from economic uncertainty and more efficient space utilisation. Melbourne CBD remains the tightest market in Australia.

Around 57,700 sm of stock was completed in 2019, lower than the 91,500 sm of stock completions in 2018. Major completions in 2019 included 839 Collins Street (38,100 sm), 271 Spring Street (15,600 sm) and the extension of 276 Flinders Street (4,000 sm).

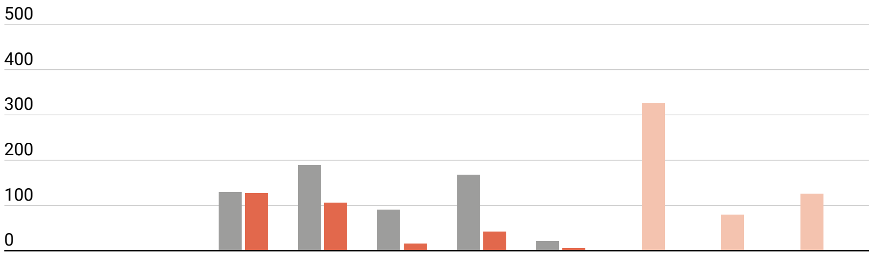
Vacancy continued to trend down in 2019. Prime vacancy remains particularly tight at 1.8%, while vacancy in the secondary market was higher at 6.5%. The total vacancy rate was just 3.4%.

Melbourne CBD rents continued to trend upwards over 2019 given the tight market conditions. Prime gross effective rents increased by 6.5% in 2019, down from the 7.0% recorded in 2018. Secondary rents grew at a slower pace of 4.7% in 2019. There was less upward rental pressure in the secondary market with readily more space options available for occupiers. Effective rental growth in Melbourne has been primarily driven by rising face rents rather than falling incentive levels.

Buyer sentiment remained very strong in Melbourne, with transaction volumes totalling around AUD 3.5 billion in 2019.

Given the positive investor sentiment, yields continued to track down in 2019. The average prime midpoint yield compressed to 4.76%, down around 31 bps over 2019, while secondary yields tightened to 5.06%, down also 31 bps over the same period.

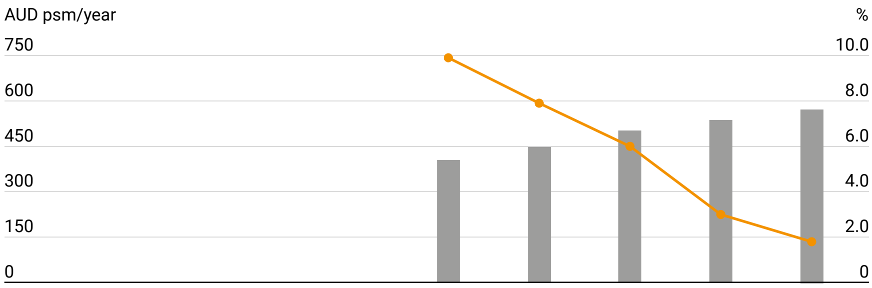
MELBOURNE CBD DEMAND AND SUPPLY ('000 sm)



	2015	2016	2017	2018	2019	2020	2021	2022
Net Absorption	129.1	188.7	91.1	168.4	21.5	–	–	–
Net New Supply	127.6	106.7	15.6	42.6	5.7	–	–	–
Forecasted Net New Supply						327.4	79.2	126.5

Source: JLL

MELBOURNE CBD RENT AND VACANCY



	Q4 2015	Q4 2016	Q4 2017	Q4 2018	**Q4 2019**
Prime Gross Effective Rent (AUD psm/year)	406	448	503	538	**573**
Prime Grade Vacancy (%)	9.9	7.9	6.0	3.0	**1.8**

Source: JLL

Similar to many markets in Australia, there has been a consistent narrowing of the prime to secondary yield spread in this investment cycle. The current spread is just 31 bps, significantly lower than the 75 bps spread in 4Q 2015.

Office demand in the Melbourne CBD is forecast to remain strong over the medium term. On the back of accelerating completions and improved opportunity for tenant expansion into backfill space, net absorption is expected to average around 86,700 sm annually between 2020 and 2022. This is above long-term historical averages. However, with strong future supply expectations, vacancy is expected to trend upwards.

The next supply cycle peak is forecast to occur in 2020, when around eight projects are due to complete, delivering 339,400 sm to the market. However, the high level of pre-commitment for the pipeline supply in 2020, currently at 89%, will reduce the impact on vacancy in the market.

Given the rising vacancy profile, prime gross effective rental growth is anticipated to slow to around 3.7% in 2020 and 1.3% in 2021.

Brisbane

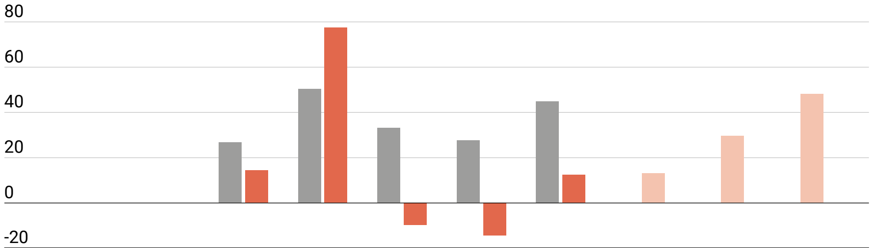
Office demand continued its recovery in the Brisbane CBD. Net absorption reached 44,900 sm in 2019, higher than net absorption in 2017 and 2018. A key emerging occupier trend has been flight to quality. This has led to a widening divergence between prime and secondary vacancy, particularly given limited new supply between 2017 and 2019. Only the Shayher Group's 300 George Street was completed in 2019.

The flight to quality has led to prime vacancy falling at a much faster pace than secondary market vacancy. Prime vacancy has fallen from a peak of 17.0% in 1Q 2016 to 8.5% in 4Q 2019. The peak in secondary vacancy occurred in 4Q 2014 (21.1%), but this has since decreased to 15.3% as at the end of 2019. Total vacancy in 2019 was 11.7%.

Rents in the Brisbane CBD continued their recovery in 2019, with prime gross effective rents rising by 3.2%. A strengthening local economy, growing demand and lower vacancy rate have placed upward pressure on rents over this period.

Brisbane's investment market has been particularly strong in the last few years, with above average transaction volumes. This trend continued in 2019, with transaction volumes totalling AUD 2.2 billion over the year.

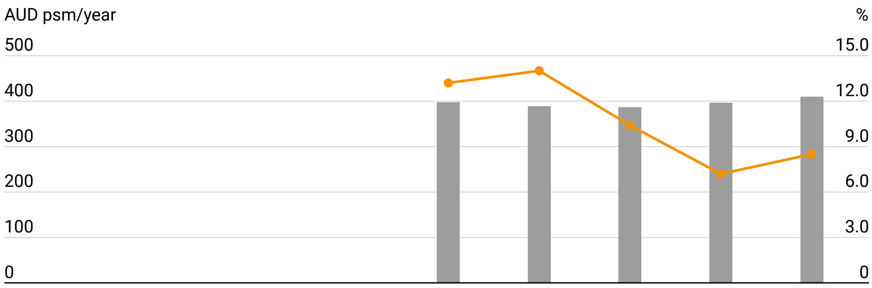
BRISBANE CBD DEMAND AND SUPPLY ('000 sm)



	2015	2016	2017	2018	2019	2020	2021	2022
Net Absorption	26.6	50.4	33.2	27.7	44.9	–	–	–
Net New Supply	14.3	77.7	(9.8)	(14.5)	12.3	–	–	–
Forecasted Net New Supply						13.0	29.5	48.2

Source: JLL

BRISBANE CBD RENT AND VACANCY



	Q4 2015	Q4 2016	Q4 2017	Q4 2018	**Q4 2019**
Prime Gross Effective Rent (AUD psm/year)	397	389	386	396	**409**
Prime Grade Vacancy (%)	13.2	14.0	10.4	7.2	**8.5**

Source: JLL

Subsequently, average prime and secondary yields continued to compress. Prime yields compressed by 38 bps in 2019 to 5.63%, while secondary yields also tightened by 38 bps, to 6.38%. Despite the strong yield compression, improving local macroeconomic fundamentals, rising effective rents and attractive asset values relative to other Australian cities are expected to help sustain investor interest for Brisbane CBD office assets.

The stable and balanced growth of the Queensland economy should translate into another year of positive leasing demand in 2020. Steady demand is expected to continue in the medium term, with net absorption expected to average around 30,000 sm annually between 2020 and 2022.

Supply is expected to gradually increase (but remain low by historical standards), with 2022 being the next expected peak in the supply cycle, when around 60,200 sm is expected to be delivered to the market. Vacancy is forecast to remain relatively stable over this period.

With economic conditions expected to lift office demand, rents are forecast to continue to increase. Prime gross effective rents are projected to rise by an annual average of 5.5% for 2020 and 2021, supported by both face rental growth and falling incentive levels.

Perth

The Perth CBD office market remains on its recovery trajectory. While vacancy remains high, it is trending down. Net absorption remains positive (28,900 sm in 2019), and with little supply side pressures, vacancy fell during the year. Given the favourable leasing conditions, centralisation into the CBD from suburban locations has remained strong. However, this trend has moderated from previous years.

Supply side pressures were minimal in 2019, with only 1,900 sm of new office space – a small office component of a mixed used development – being delivered to the market. This supported falling vacancy levels. Prime vacancy (13.5%) has fallen rapidly

INDEPENDENT MARKET REVIEW
AUSTRALIA

relative to secondary vacancy (27.8%), with many occupiers capitalising on this part of the cycle to upgrade their office accommodation. Total vacancy in 2019 declined to 19.1%, and the overall downward trend in vacancy is projected to continue.

Rents have been increasing at only a modest pace in recent years. In 2019, prime gross effective rents rose by 1.4%, while secondary gross effective rents fell by 1.0%. High vacancy levels continued to temper more robust rental growth. Incentives remained stubbornly high as landlords compete for tenants, while face rental growth has also been relatively slow. However, as vacancy continues to trend downwards, rental growth is expected to accelerate over the medium term.

Investment activity slowed in 2019, with transaction volumes reaching AUD 372.2 million, down from the AUD 644.9 million in 2018. Many investors remained cautious about the vacancy risks in the market, despite vacancy trending downwards in recent years.

Subsequently, prime yields remained stable, with an average midpoint of 6.75% in 2019 (unchanged from 2018), while secondary yields compressed marginally (13 bps) to 8.50%. The widening yield spread relative to the eastern seaboard markets and potential for effective rental growth over the medium term may continue to support investment into the Perth CBD office market.

Perth CBD vacancy is expected to gradually improve, although it is forecast to remain at elevated levels for longer than in previous cycles. The overall vacancy rate is expected to trend downwards by 2022, supported by low supply side pressures and stable demand drivers.

With improving market fundamentals, rental growth is projected to increase at a moderately faster pace compared to recent years. Prime gross effective rents are expected to grow by 6.0% in 2020 and by 5.0% in 2021, supported largely by falling incentive levels.

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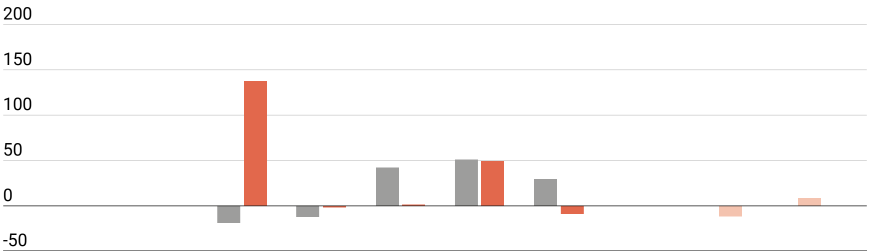
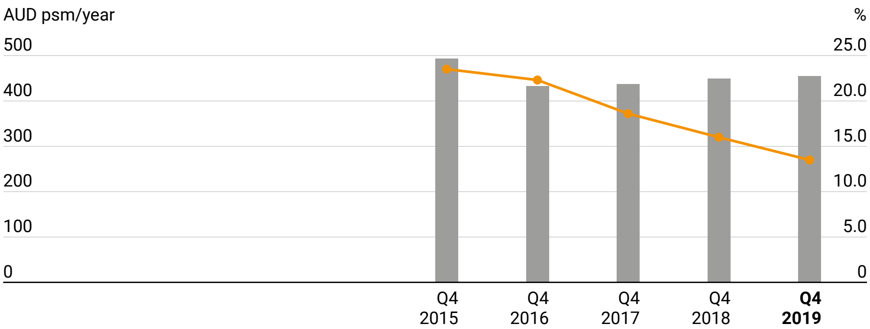
PERTH CBD DEMAND AND SUPPLY ('000 sm)



	2015	2016	2017	2018	2019	2020	2021	2022
Net Absorption	(19.1)	(12.7)	41.8	50.8	28.9	–	–	–
Net New Supply	137.7	(1.4)	0.7	49.0	(9.2)	–	–	–
Forecasted Net New Supply						–	(12.0)	7.8

Source: JLL

PERTH CBD RENT AND VACANCY



	Q4 2015	Q4 2016	Q4 2017	Q4 2018	**Q4 2019**
Prime Gross Effective Rent (AUD psm/year)	491	431	435	447	**453**
Prime Grade Vacancy (%)	23.5	22.3	18.6	16.0	**13.5**

Source: JLL

SOUTH KOREA REVIEW BY JLL

LEASING ACTIVITY TO REMAIN HEALTHY, ALTHOUGH NEAR-TERM SUPPLY SIDE PRESSURES PERSIST.

THE SOUTH KOREAN ECONOMY

South Korea's GDP growth slowed to 2.0% in 2019 as weak investment and exports continued to weigh on the economy.

Looking ahead, GDP growth is expected to come in at 1.8% in 2020[1], supported by pro-growth policies, a gradual recovery in the chip sector, as well as a robust and resilient labour market. Additionally, the positive developments in the US-China trade talks could benefit the Korean economy[1], although trade and manufacturing could be hindered by the COVID-19 outbreak.

SEOUL OFFICE MARKET OVERVIEW

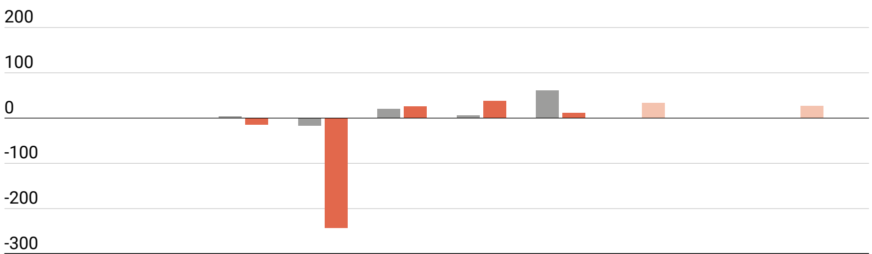
The Seoul office market comprises three main business districts – the Central Business District (CBD), the Gangnam Business District (GBD) and the Yeouido Business District (YBD).

Overall net absorption across Seoul reached 92,500 pyeong (by gross floor area) in 2019, up from around 57,900 pyeong in 2018. Net absorption in the CBD (60,400 pyeong) was the highest across all three business districts, supported by a marked improvement in leasing demand from domestic firms, heightened appetite for self-use buildings and relatively limited space in the GBD.

Supply addition in CBD was lower in 2019, with completion of 10,300 pyeong of office stock, down from 37,100 pyeong in 2018.

1 Oxford Economics, February 2020.

SEOUL CBD DEMAND AND SUPPLY ('000 pyeong)

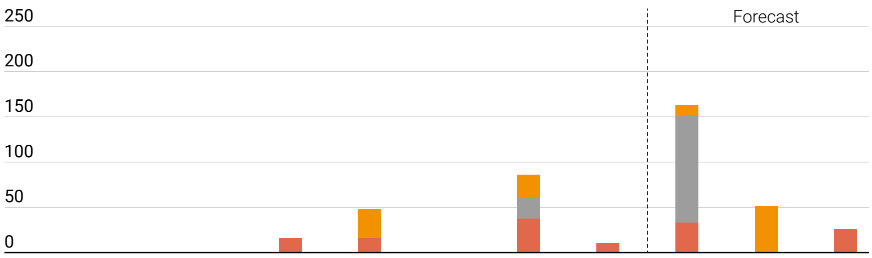


	2015	2016*	2017	2018	2019	2020	2021	2022
Net Absorption	3.3	(16.7)	19.1	5.2	60.4	–	–	–
Net Increase in Supply	(15.1)	(244.5)	25.3	37.1	10.3	–	–	–
Forecasted Net Increase in Supply						33.1	–	25.8

Source: JLL

* Net increase in supply in 2016 was negative 244,500 pyeong due to a re-grading exercise of Seoul's Grade A stock base.

SEOUL GRADE A NEW CONSTRUCTION ('000 pyeong)



	2015	2016	2017	2018	2019	2020	2021	2022
CBD	15.7	16.0	–	37.1	10.3	33.1	–	25.8
YBD	–	–	–	24.1	–	117.9	–	–
GBD	–	31.6	–	24.7	–	12.6	51.1	–

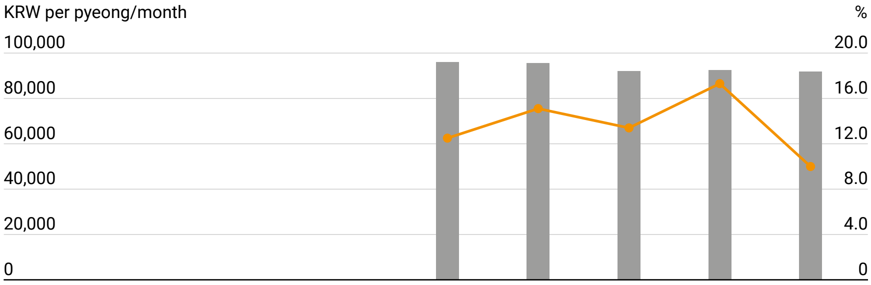
Source: JLL

INDEPENDENT MARKET REVIEW
SOUTH KOREA

Consequently, overall vacancy trended down over the year, falling from 12.8% in 2018 to 7.7% in 2019. The CBD vacancy rate fell the sharpest, with vacancy falling from 17.3% to 10.0%. Vacancy in GBD fell to 3.9%, while vacancy in YBD fell to 9.5%.

Rental growth was relatively flat in 2019. Overall prime net effective rent remained stable at around KRW 91,870 per pyeong per month. However, rental performances diverged between business districts, with relatively stronger growth in the GBD (3.9% growth in 2019). At the other end of the scale, there was modest correction in effective rents in the CBD (-0.7%), largely due to an uptick in rent free incentives over the period.

SEOUL CBD RENT AND VACANCY



	Q4 2015	Q4 2016	Q4 2017	Q4 2018	**Q4 2019**
Grade A Net Effective Rent (KRW per pyeong/month)	95,618	95,164	91,704	92,148	**91,484**
Grade A Vacancy (%)	12.5	15.1	13.4	17.3	**10.0**

Source: JLL

Keppel REIT entered the South Korean office market in 2019 with the strategic acquisition of T Tower, a well-located freehold Grade A building in Seoul's CBD.

Strong transaction activity continued into 2019, with volumes totalling KRW 25.73 trillion in the year. This places Seoul as the fifth most active city globally. Strong investment activity was mainly underpinned by abundant liquidity, strong interest from core domestic investors and increasing asset allocation into real estate from many diversified portfolios globally.

Given the positive investor sentiment, coupled with falling borrowing rates, yields continued to trend lower over 2019. Overall prime yields compressed by 15 bps to end the year at 4.28%. The average yield in the GBD was 4.10%, followed by the CBD at 4.30% and YBD at 4.60%.

Looking ahead, expansion and relocation activities from large domestic corporations and professional service firms are projected to drive leasing activity in the CBD. However, supply side pressures could result in a modest rise in vacancy in 2020. Rents in the CBD are projected to stabilise, but growth will be patchy across assets.

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PROPERTY PORTFOLIO

IN CREATING VALUE FOR KEPPEL REIT'S STAKEHOLDERS, THE MANAGER SEEKS TO OPTIMISE THE PORTFOLIO, MAXIMISE ITS PERFORMANCE AND FUTURE-PROOF THE ASSETS.

High Portfolio Committed Occupancy

99.1%

Committed occupancies for the assets in Singapore, Australia and South Korea remain above market average.

Long Portfolio Weighted Average Lease Expiry (WALE)

4.9 years

Maintained long WALE of approximately 4.9 years for the overall portfolio and approximately 7.0 years for the top 10 tenants.

PORTFOLIO OPTIMISATION

As part of its portfolio optimisation strategy, the Manager deployed $292.0 million[1] (KRW 252.6 billion) into the acquisition of T Tower in May 2019, following the divestment of a 20% non-controlling stake in Ocean Financial Centre in December 2018.

Located in the central business district (CBD) of Seoul, T Tower is a 28-storey freehold Grade A office building with approximately 228,000 sf of net lettable area (NLA). The acquisition has an initial net property income (NPI) yield of 4.7% and complements Keppel REIT's existing Singapore-centric portfolio. The Manager believes that having a portfolio that is anchored by Singapore assets, with some exposure to Australia and South Korea, enhances its geographical and income diversification, as well as provides greater stability and further opportunities for growth in the long term.

The agreed property value for the 99.4% interest in T Tower was arrived at on a willing-buyer and willing-seller basis, taking into account the independent valuation by Cushman & Wakefield VHS Pte. Ltd. of KRW 259.0 billion as at 25 March 2019.

The valuation was derived primarily based on the income capitalisation approach and discounted cash flow method, and supported by the sales comparison approach.

1 Based on Keppel REIT's interest in T Tower and an exchange rate of KRW 1,000 = S$1.156 used for the purchase payment.

PROPERTY PORTFOLIO STATISTICS
(Based on Keppel REIT's interest in the respective properties)

	As at 31 December 2019	As at 31 December 2018
Net lettable area (NLA)[2]	**3,134,752 sf**	3,160,160 sf
	291,226 sm	293,586 sm
Valuation[3]	**$7.9 billion**	$8.1 billion
Number of tenants[2,4]	**340**	336
Committed occupancy[2]	**99.1%**	98.4%
Weighted Average Lease Expiry (WALE)[2]	**4.9 years**	5.9 years

2 Excludes the office tower under development at 311 Spencer Street.
3 Includes the office tower under development at 311 Spencer Street, on an "as is" basis.
4 Tenants located in more than one building are accounted for as one tenant.

OPERATIONAL EXCELLENCE IN ASSET MANAGEMENT

The Manager adopts a proactive asset management approach to create value for all its stakeholders.

1. OPTIMISING PORTFOLIO

Entered the Seoul office market with the strategic acquisition of T Tower, a freehold office building in the CBD, for $292.0 million[1] at an initial NPI yield of 4.7%.

Divested Bugis Junction Towers for $547.7 million[2] at a NPI yield of 3.0%[3].

Topped out the office development at 311 Spencer Street in Melbourne. The 30-year lease to the Victoria Police is expected to commence in 2Q 2020.

2. MAXIMISING PERFORMANCE

Proactive leasing efforts saw a total of 110 leases (approximately 831,200 sf by total NLA) concluded in 2019.

Achieved high portfolio committed occupancy of 99.1% as at end 2019.

Maintained long WALE of approximately 4.9 years for the portfolio and approximately 7.0 years for top 10 tenants as at end 2019.

3. FUTURE-PROOFING ASSETS

Commenced asset enhancement initiatives at 8 Exhibition Street in Melbourne to rejuvenate the asset and meet tenants' evolving business needs.

All Singapore assets are certified Green Mark Platinum by the Building and Construction Authority (BCA). In Australia, most buildings have achieved the 5 Stars National Australian Built Environment Rating System (NABERS) Energy rating in 2019.

Maintained Green Star Status in the Global Real Estate Sustainability Benchmark (GRESB) 2019.

In November 2019, the Manager completed the divestment of Bugis Junction Towers in Singapore for a sale price of $547.7 million[2] at a NPI yield of 3.0%[3].

The sale price was arrived at on a willing-buyer and willing-seller basis, after taking into account the independent valuation by Savills Valuation and Professional Services (S) Pte Ltd of $515.0 million as at 8 August 2019. The valuation was derived using the income capitalisation method, the discounted cash flow analysis method and direct comparison method.

Bugis Junction Towers was held since Keppel REIT's listing in 2006 and delivered attractive asset-level returns of 19.4% per annum over its holding period. Approximately $378.4 million[4] of capital gains were realised from the divestment. The divestment proceeds enabled the Manager to continue its DPU-accretive Unit buy-back programme and pare down debt, while seeking higher yielding growth opportunities.

The Manager undertakes asset enhancement works, where appropriate, to ensure that the buildings and amenities meet tenants' evolving business needs. The asset enhancement initiatives at 8 Exhibition Street in Melbourne commenced in 2019 and includes upgrading works to the lobby, courtyard and other amenities. Upgrading works are expected to be completed in 2H 2020.

PROACTIVE LEASING STRATEGY

The Manager is focused on its proactive leasing strategy to generate sustainable returns from Keppel REIT's well-located portfolio of Grade A office buildings in Singapore, Australia and South Korea.

In 2019, the Manager committed total leases of approximately 831,200 sf (attributable area of approximately 343,500 sf). Of the attributable spaces committed, about a third were new leases and expansions, while the remainder were renewals and rent reviews. New leases and expansions committed during the year were signed with tenants from diverse business sectors, with majority from the technology, media and telecommunications (TMT) sector, real estate and property services sector, as well as the banking and financial services sector.

Most of the leases concluded in 2019 were in Singapore. The average signing rent for the Singapore office leases committed was approximately $12.42 psf[5].

Portfolio tenant retention rate was 75% for 2019. The Manager will continue to strive for an optimal balance between achieving high occupancy levels and maximising returns from the assets.

Two new major leases are expected to commence in the second quarter of 2020.

In Singapore, fit-out work for HSBC Singapore's new headquarters in Marina Bay Financial Centre Tower 2 is ongoing before the 10-year lease commences in May 2020.

In Australia, the office development at 311 Spencer Street in Melbourne was topped out in August 2019 with the completion of the building structure. Upon practical completion of the development expected in the second quarter of 2020, the 30-year lease to the Victoria Police will commence and generate a steady income stream for Keppel REIT.

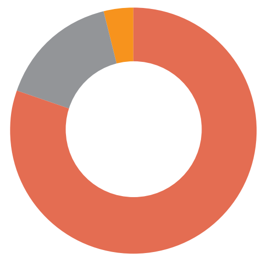
[1] Based on Keppel REIT's interest in T Tower and an exchange rate of KRW 1,000 to S$1.156 used for the purchase payment.
[2] The sale price was adjusted upwards from $547.5 million to $547.7 million, arising from an increase in leased area post-announcement of the divestment. The sale price per square foot remained unchanged at $2,200 psf based on the building's adjusted net lettable area.
[3] Based on the NPI for the 12 months preceding 30 June 2019.
[4] Based on the difference between sale price and purchase price, after taking into consideration capitalised expenditures and divestment costs.
[5] For the Singapore office leases concluded in 2019 and based on a simple average calculation. Weighted average signing rent was $12.08 psf.
[6] Includes the office tower under development at 311 Spencer Street.
[7] Sources: Singapore – CBRE, as at 4Q 2019. Australia and Seoul – JLL, as at 4Q 2019.

SINGAPORE-CENTRIC PORTFOLIO WITH HIGH COMMITTED OCCUPANCY

As at end 2019, Keppel REIT's assets under management was approximately $7.9 billion[6]. This comprises Grade A office space in Singapore, the key Australian cities of Sydney, Melbourne, Brisbane and Perth, as well as Seoul, South Korea. Keppel REIT's portfolio is anchored by its assets in the Singapore CBD, contributing approximately 80.5% of total assets under management.

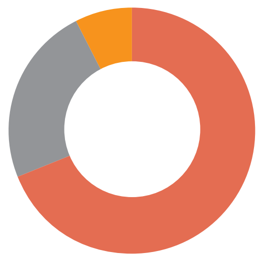
Through proactive leasing efforts, Keppel REIT maintained a high portfolio committed occupancy of 99.1% as at end 2019. The average committed occupancies for its Singapore, Australia and South Korea properties were 98.8%, 99.9% and 100.0% respectively. These were higher than that of the Singapore core CBD average of 95.8%[7], the Australian national CBD average of 91.7%[7] and the Seoul CBD average of 90.0%[7].

ASSET DISTRIBUTION BY VALUE (%)
as at 31 December 2019



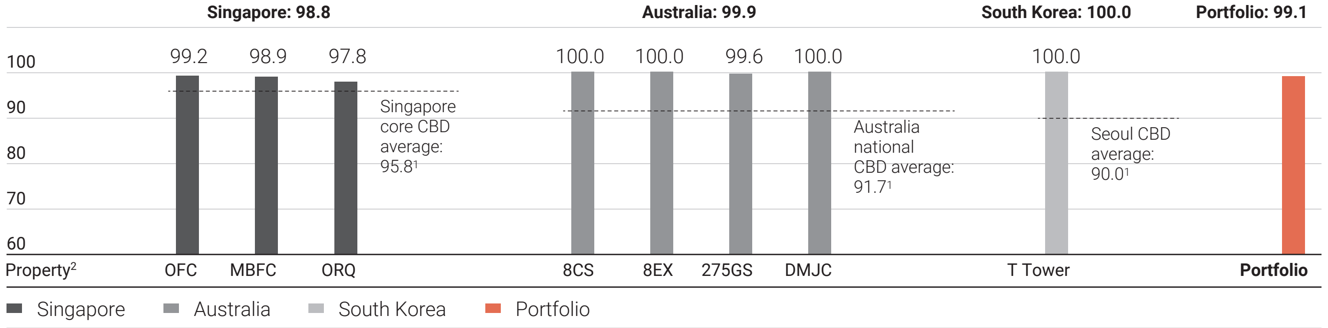
Singapore	80.5
Australia	15.7
South Korea	3.8
Total	**100.0**

ASSET DISTRIBUTION BY NLA (%)
as at 31 December 2019



Singapore	69.1
Australia	23.6
South Korea	7.3
Total	**100.0**

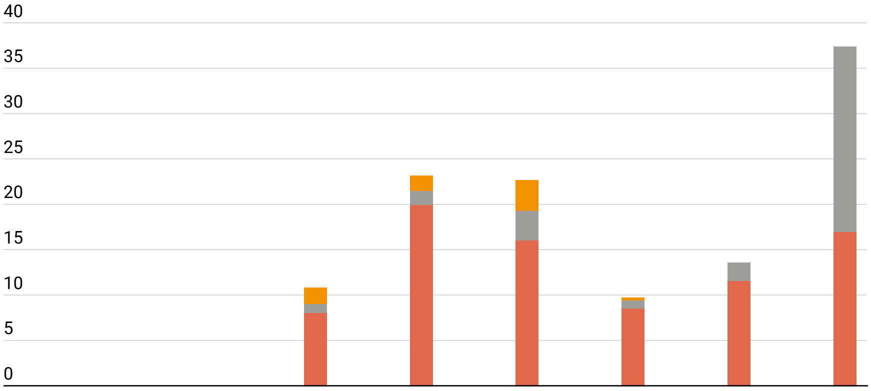
OCCUPANCY BY COMMITTED NLA (%)
as at 31 December 2019



[1] Sources: Singapore – CBRE, as at 4Q 2019. Australia and Seoul – JLL, as at 4Q 2019.
[2] OFC: Ocean Financial Centre; MBFC: Marina Bay Financial Centre Towers 1, 2 and 3, as well as Marina Bay Link Mall; ORQ: One Raffles Quay; 8CS: 8 Chifley Square; 8EX: 8 Exhibition Street; 275GS: 275 George Street; DMJC: David Malcolm Justice Centre.

PROPERTY PORTFOLIO

GEOGRAPHICAL BREAKDOWN OF EXPIRING AND RENT REVIEW LEASES[1,2] (%)



	2020	2021	2022	2023	2024	2025 & beyond
Singapore	8.0	19.9	16.0	8.5	11.5	16.9
Australia	1.0	1.5	3.2	0.9	2.0	20.4
South Korea	1.8	1.7	3.4	0.3	–	–
Based on committed attributable NLA[1]						
Expiring leases	6.9	16.4	22.6	9.5	13.2	30.5
Rent review leases	3.9	6.7	–	0.2	0.3	6.8
Based on committed attributable gross rent[1]						
Expiring leases	6.9	16.7	22.6	10.5	14.7	28.6
Rent review leases	3.7	7.1	–	0.2	0.4	6.8

1 Data as at 31 December 2019.
2 Based on committed attributable NLA.

Keppel REIT has a well-located portfolio of Grade A office buildings pan-Asia, including Marina Bay Financial Centre (pictured).

LONG WALE

As at end 2019, Keppel REIT's WALE was approximately 4.9 years for its overall portfolio and about 7.0 years for the top 10 tenants.

Keppel REIT's long leases in Singapore have either marked-to-market rent reviews at pre-determined periods or are on a staggered structure. In Australia, most leases are on a triple-net basis and tenants are responsible for most property expenses including taxes, insurance and common area maintenance. At the same time, leases in Australia typically include fixed annual rental escalations throughout the lease terms.

The WALE for new and renewal leases committed in 2019 was approximately 3.5 years as at end 2019. These leases constituted 12.8% of Keppel REIT's average monthly property income in 2019.

The weighted average remaining tenure of leasehold properties in Keppel REIT's portfolio was 86.7 years (by attributable NLA).

Out of the total attributable NLA of 3,134,752[1] sf, 77.8% and 22.2% are leasehold and freehold properties respectively.

WELL-STAGGERED LEASE EXPIRY PROFILE

Keppel REIT continues to maintain a well-staggered lease expiry profile. As at end 2019, not more than 25.0% of the portfolio's total committed leases (by NLA) will expire in any one year over the next five years.

Approximately 6.9% of leases based on the total attributable NLA are due for renewal in 2020, 16.4% in 2021 and 22.6% in 2022. The remaining 53.2% of leases are due for renewal only in 2023 and beyond. The average expiring rents[2] of Singapore office lease expiries and reviews are \$9.69 psf in 2020, \$9.74 psf in 2021 and \$10.20 psf in 2022.

Of the 6.9% of leases (by attributable NLA) expiring and 3.9% due for rent review in 2020, the majority of the Singapore office leases range between \$9.30 psf and \$11.70 psf.

1 Excludes the office tower under development at 311 Spencer Street.
2 Weighted average based on attributable NLA as at 31 December 2019.

DIVERSIFIED TENANT BASE

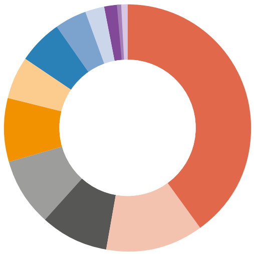
Keppel REIT has a well-diversified and established tenant base, many of which are established corporations. As at end 2019, there were 340 tenants from various business sectors in Keppel REIT's portfolio.

TOP 10 TENANTS

In 2019, the top 10 tenants contributed 35.1% of the total committed monthly gross rent on an attributable basis.

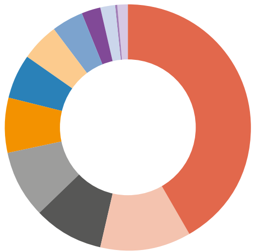
The top 10 tenants based on attributable committed monthly gross rent are from the banking, insurance and financial services sector, government agency, accounting and consultancy services sector, TMT sector, as well as the legal sector.

TENANT BUSINESS SECTOR ANALYSIS BY COMMITTED NLA (%)
as at 31 December 2019



Banking, insurance and financial services	40.0
TMT	12.8
Legal	8.9
Energy, natural resources, shipping and marine	8.9
Government agency	8.3
Accounting and consultancy services	5.8
Real estate and property services	5.6
Services	4.4
Manufacturing and distribution	2.3
Retail and F&B	1.9
Hospitality and leisure	0.1
Others	1.0
Total	**100.0**

TENANT BUSINESS SECTOR ANALYSIS BY COMMITTED MONTHLY GROSS RENT (%)
as at 31 December 2019



Banking, insurance and financial services	41.8
TMT	12.0
Legal	9.2
Energy, natural resources, shipping and marine	8.8
Government agency	7.2
Real estate and property services	5.9
Accounting and consultancy services	5.0
Services	4.1
Retail and F&B	2.7
Manufacturing and distribution	1.9
Hospitality and leisure	0.1
Others	1.3
Total	**100.0**

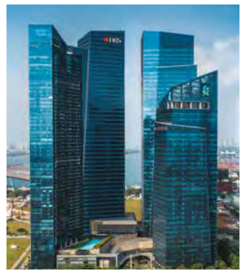
TOP 10 TENANTS BY COMMITTED MONTHLY GROSS RENT

	Building[1]	Tenant	% of Total Committed Monthly Gross Rent[2]	% of Total Committed NLA[2]	Business Sector
1	**MBFC**	DBS Bank	7.0%	6.6%	Banking, insurance and financial services
2	**DMJC**	Minister for Works – Government of Western Australia	5.0%	5.3%	Government agency
3	**MBFC**	Standard Chartered Bank	4.4%	4.3%	Banking, insurance and financial services
4	**OFC**	BNP Paribas	4.2%	4.1%	Banking, insurance and financial services
5	**ORQ and 8EX**	Ernst & Young	3.2%	4.1%	Accounting and consultancy services
6	**275GS**	Telstra Corporation	2.3%	3.4%	TMT
7	**MBFC**	Barclays	2.3%	2.0%	Banking, insurance and financial services
8	**ORQ and 8EX**	UBS	2.3%	2.7%	Banking, insurance and financial services
9	**OFC and 275GS**	ANZ	2.2%	2.5%	Banking, insurance and financial services
10	**OFC**	Drew & Napier	2.2%	2.5%	Legal
			35.1%	**37.5%**	

1 MBFC: Marina Bay Financial Centre Towers 1, 2 and 3, as well as Marina Bay Link Mall; DMJC: David Malcolm Justice Centre; OFC: Ocean Financial Centre; ORQ: One Raffles Quay; 8EX: 8 Exhibition Street; 275GS: 275 George Street.
2 Based on Keppel REIT's interest in the respective properties.

PROPERTY PORTFOLIO AT A GLANCE

SINGAPORE / AUSTRALIA


	SINGAPORE			**AUSTRALIA**	
	Ocean Financial Centre[1]	**Marina Bay Financial Centre**[1,7]	**One Raffles Quay**[1]	**8 Chifley Square**[1]	**8 Exhibition Street**[1,13]
Location	10 Collyer Quay, Singapore 049315	8, 8A,10 and 12 Marina Boulevard, Singapore 018981-4	1 Raffles Quay, Singapore 048583	8 Chifley Square, Sydney, New South Wales 2000, Australia	8 Exhibition Street, Melbourne, Victoria 3000, Australia
Title	Leasehold interest of 99 years expiring 13 December 2110	Leasehold estate of 99 years expiring 10 October 2104[8] Leasehold estate of 99 years expiring 7 March 2106[9]	Leasehold estate of 99 years expiring 12 June 2100	Leasehold estate of 99 years expiring 5 April 2105	Freehold
Ownership Interest	79.9%	33.3%	33.3%	50%	50%[13]
Acquisition Date	14 December 2011[2] 25 June 2012[2]	15 December 2010[8] 16 December 2014[9]	10 December 2007	28 July 2011	1 August 2013[14] 12 October 2015[15]
Purchase Price	S$1,838.6 million[3]	S$1,426.8 million[8] S$1,248.0 million[9]	S$941.5 million	S$197.8 million A$165.0 million	S$192.4 million[14] A$160.2 million[14] S$8.9 million[15] A$8.6 million[15]
Valuation[1]	S$2,099.8 million S$2,998 psf	S$1,695.3 million[8] S$1,297.0 million[9] S$2,921 psf[7]	S$1,254.3 million S$2,838 psf	S$222.2 million[12] A$240.0 million A$24,827 psm	S$245.6 million[12] A$265.3 million A$11,680 psm
Capitalisation Rate	3.50%	3.63%[10] 4.50%[11] 3.60%[9]	3.63%	4.75%	5.00%[14] 4.50%[15]
Attributable NLA	700,504 sf 65,078 sm	1,024,442 sf 95,173 sm	441,995 sf 41,062 sm	104,055 sf 9,667 sm	244,490 sf 22,714 sm
Committed Occupancy	99.2%	98.9%	97.8%	100%	100%
FY 2019 Income Contribution	S$66.7 million	S$81.9 million	S$23.9 million	S$12.8 million	S$11.8 million
Number of Tenants[4]	69	166	61	8	22
Principal Tenants[5]	BNP Paribas, ANZ, Drew & Napier	DBS Bank, Standard Chartered Bank, Barclays	Deutsche Bank, UBS, Ernst & Young	Corrs Chambers Westgarth, Quantium Group, QBE Insurance Group	Ernst & Young, Amazon, Minister for Finance – State of Victoria
Number of Carpark Lots[6]	224	1,054	713	29	–

[1] Based on Keppel REIT's interest in the respective properties as at 31 December 2019.
[2] 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. 20.0% interest of the building was subsequently divested on 11 December 2018.
[3] Based on Keppel REIT's 79.9% of the historical purchase price.
[4] Tenants located in more than one building are accounted for as one tenant when computing the total number of tenants.
[5] On committed gross rent basis.
[6] Refers to all available carpark lots in the respective properties, excluding loading and unloading bays.
[7] Comprises Marina Bay Financial Centre (MBFC) Towers 1, 2 and 3, as well as Marina Bay Link Mall (MBLM).
[8] Refers to MBFC Towers 1 and 2, as well as MBLM.
[9] Refers to MBFC Tower 3.
[10] Refers to MBFC Towers 1 and 2.
[11] Refers to MBLM.

AUSTRALIA / SOUTH KOREA




	AUSTRALIA			**SOUTH KOREA**
	275 George Street[1]	**David Malcolm Justice Centre**[1]	**311 Spencer Street**[1] *(Under development)*	**T Tower**[1]
Location	275 George Street, Brisbane, Queensland 4000, Australia	28 Barrack Street, Perth, Western Australia 6000, Australia	311 Spencer Street, Melbourne, Victoria 3008, Australia	30 Sowolro, 2-gil, Jung-gu, Seoul, South Korea
Title	Freehold	Leasehold estate of 99 years expiring 30 August 2114	Freehold	Freehold
Ownership Interest	50%	50%	50%	99.4%
Acquisition Date	1 March 2010	28 March 2013	31 July 2017	27 May 2019
Purchase Price	S$209.4 million A$166.0 million	S$208.1 million A$165.0 million	S$362.4 million[17] A$347.8 million	S$292.0 million[19] KRW 252.6 billion
Valuation[1,12]	S$231.4 million A$250.0 million A$11,985 psm	S$215.2 million A$232.5 million A$14,916 psm	S$323.5 million[18] A$349.5 million[18]	S$299.9 million KRW 259.0 billion KRW 20.7 million/py
Capitalisation Rate	5.00%	5.38%	4.50%	4.50%
Attributable NLA	224,537 sf 20,860 sm	167,784 sf 15,588 sm	358,683 sf 33,322 sm	226,945 sf 21,084 sm
Committed Occupancy	99.6%	100%	100%	100%
FY 2019 Income Contribution	S$11.0 million	S$12.7 million	–	S$8.2 million
Number of Tenants[4]	16	2	1	11
Principal Tenants[5]	Telstra Corporation, Queensland Gas Company, The State of Queensland[16]	Minister for Works – Government of Western Australia	Minister for Finance – State of Victoria	Hankook Corporation, SK Communications, Philips Korea
Number of Carpark Lots[6]	215	195	600	292

[12] Based on the exchange rate of A$1 = S$0.9257 and KRW 1,000 = S$1.158.
[13] Keppel REIT owns a 50% interest in the 8 Exhibition Street office building and a 100% interest in the three adjacent retail units.
[14] Refers to Keppel REIT's 50% interest in the office building.
[15] Refers to Keppel REIT's 100% interest in the three adjacent retail units.
[16] Refers to Department of Housing and Public Works – The State of Queensland.
[17] Based on the aggregate consideration paid-to-date and to be paid, including development costs of the building, at the exchange rate of A$1 = S$1.042 as disclosed in the announcement dated 29 June 2017.
[18] Valuation on "as is" basis as at 31 December 2019. Includes A$102 million of development cost capitalised in 2019.
[19] Based on Keppel REIT's interest in T Tower and an exchange rate of KRW 1,000 = S$1.156 used for the purchase payment.

PROPERTY PORTFOLIO
SINGAPORE

OCEAN FINANCIAL CENTRE

Ocean Financial Centre is a 43-storey premium Grade A office tower located at the intersection of the Raffles Place and Marina Bay precincts, in the heart of Singapore's financial centre. It offers over 876,000 sf of premium office space with typical large column-free floor plates ranging between 20,000 sf and 25,000 sf. It is connected by an underground pedestrian network to the Raffles Place MRT interchange and the Marina Bay precinct. Its retail component, Ocean Colours, which is located on the ground floor and basement levels, offers various dining options and amenities. In 2019, Ocean Financial Centre was recognised for its sustainable design and features with the Green Mark Platinum Award recertification by the Building and Construction Authority of Singapore (BCA).

KEY STATISTICS
as at 31 December 2019

Location
10 Collyer Quay, Singapore 049315

Title
Leasehold interest of 99 years expiring 13 December 2110

Ownership Interest
79.9%

Acquisition Date[1]
14 December 2011 | 25 June 2012

Valuation[2]
S$2,099.8 million

Attributable NLA
700,504 sf | 65,078 sm

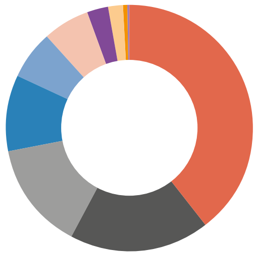
Committed Occupancy
99.2%

Income Contribution
S$66.7 million

Number of Tenants
69

Number of Carpark Lots
224

TENANT BUSINESS SECTOR ANALYSIS BY COMMITTED MONTHLY GROSS RENT (%)
as at 31 December 2019

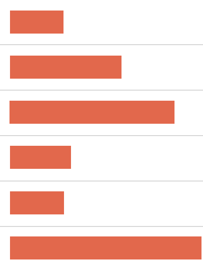


Banking, insurance and financial services	39.6
Legal	18.3
Energy, natural resources, shipping and marine	14.2
Real estate and property services	9.9
Services	6.5
TMT	6.2
Retail and F&B	2.8
Accounting and consultancy services	1.9
Government agency	0.4
Hospitality and leisure	0.2
Total	**100.0**

TOP FIVE TENANTS
as at 31 December 2019

	% of Total Committed Monthly Gross Rent
BNP Paribas	17.4
ANZ	9.2
Drew & Napier	9.0
The Executive Centre Singapore	6.3
Anglo American Marketing	4.2

LEASE EXPIRY PROFILE BY COMMITTED MONTHLY GROSS RENT (%)
as at 31 December 2019



2020	8.4
2021	17.5
2022	25.9
2023	9.6
2024	8.5
2025 & beyond	30.1

[1] Keppel REIT previously held a 99.9% interest comprising 87.5% interest that was acquired on 14 December 2011 and 12.4% interest that was acquired on 25 June 2012. Subsequently, 20% interest of the building was divested on 11 December 2018.
[2] Valuation as at 31 December 2019 based on Keppel REIT's interest in the property.

MARINA BAY FINANCIAL CENTRE

Marina Bay Financial Centre is an integrated development comprising three premium Grade A office towers and the subterranean mall, Marina Bay Link Mall. The office towers offer over three million sf of premium office space with large column-free floor plates of between 20,000 sf and 45,000 sf. Strategically located at downtown Marina Bay, Marina Bay Financial Centre is connected by an underground pedestrian network to the Downtown and Raffles Place MRT stations and other surrounding office buildings. The development has been conferred the BCA Green Mark Platinum Award.

KEY STATISTICS
as at 31 December 2019

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

Title
Leasehold estate of 99 years expiring 10 October 2104[1]
Leasehold estate of 99 years expiring 7 March 2106[2]

Ownership Interest
33.3%

Acquisition Date
15 December 2010[1] | 16 December 2014[2]

Valuation[3]
S$1,695.3 million[1], S$1,297.0 million[2]

Attributable NLA
1,024,442 sf | 95,173 sm

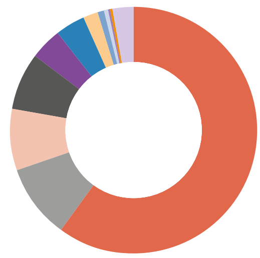
Committed Occupancy
98.9%

Income Contribution
S$81.9 million

Number of Tenants
166

Number of Carpark Lots
1,054

TENANT BUSINESS SECTOR ANALYSIS BY COMMITTED MONTHLY GROSS RENT (%)
as at 31 December 2019



Banking, insurance and financial services	60.1
Energy, natural resources, shipping and marine	9.6
TMT	8.3
Legal	7.3
Retail and F&B	4.1
Real estate and property services	4.1
Accounting and consultancy services	2.0
Services	0.9
Manufacturing and distribution	0.4
Hospitality and leisure	0.2
Government agency	0.2
Others	2.8
Total	**100.0**

TOP FIVE TENANTS
as at 31 December 2019

	% of Total Committed Monthly Gross Rent
DBS Bank	19.4
Standard Chartered Bank	12.3
Barclays	6.2
HSBC	4.8
Nomura	2.9

LEASE EXPIRY PROFILE BY COMMITTED MONTHLY GROSS RENT (%)
as at 31 December 2019

2020	4.5
2021	16.5
2022	24.7
2023	15.1
2024	22.6
2025 & beyond	16.6

1 Refers to MBFC Towers 1 and 2 and Marina Bay Link Mall.
2 Refers to MBFC Tower 3.
3 Valuation as at 31 December 2019 based on Keppel REIT's interest in the property.

PROPERTY PORTFOLIO
SINGAPORE

ONE RAFFLES QUAY

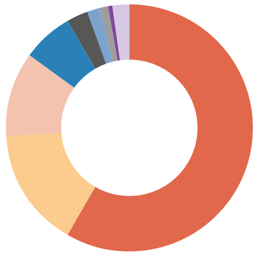
One Raffles Quay is a landmark commercial development located in the Marina Bay precinct, offering approximately 1.3 million sf of prime Grade A office space. The 50-storey North Tower and 29-storey South Tower offer column-free floor plates of 18,000 sf and 30,000 sf respectively.

Tenants enjoy excellent connectivity to the Raffles Place and Downtown MRT stations, as well as other surrounding office buildings via an underground pedestrian walkway that connects to the development. One Raffles Quay was recertified with the BCA Green Mark Platinum Award in 2019.

KEY STATISTICS
as at 31 December 2019

Location 1 Raffles Quay, Singapore 048583	**Attributable NLA** 441,995 sf | 41,062 sm
Title Leasehold estate of 99 years expiring 12 June 2100	**Committed Occupancy** 97.8%
Ownership Interest 33.3%	**Income Contribution** S$23.9 million
Acquisition Date 10 December 2007	**Number of Tenants** 61
Valuation[1] S$1,254.3 million	**Number of Carpark Lots** 713

TENANT BUSINESS SECTOR ANALYSIS BY COMMITTED MONTHLY GROSS RENT (%)
as at 31 December 2019

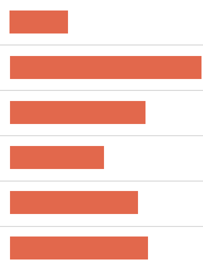


Banking, insurance and financial services	58.4
Accounting and consultancy services	15.7
TMT	11.0
Real estate and property services	6.7
Legal	2.9
Services	1.5
Energy, natural resources, shipping and marine	1.2
Retail and F&B	0.6
Others	2.0
Total	**100.0**

TOP FIVE TENANTS
as at 31 December 2019

	% of Total Committed Monthly Gross Rent
Deutsche Bank	14.5
UBS	12.5
Ernst & Young	12.0
TikTok	5.6
Capital International	3.1

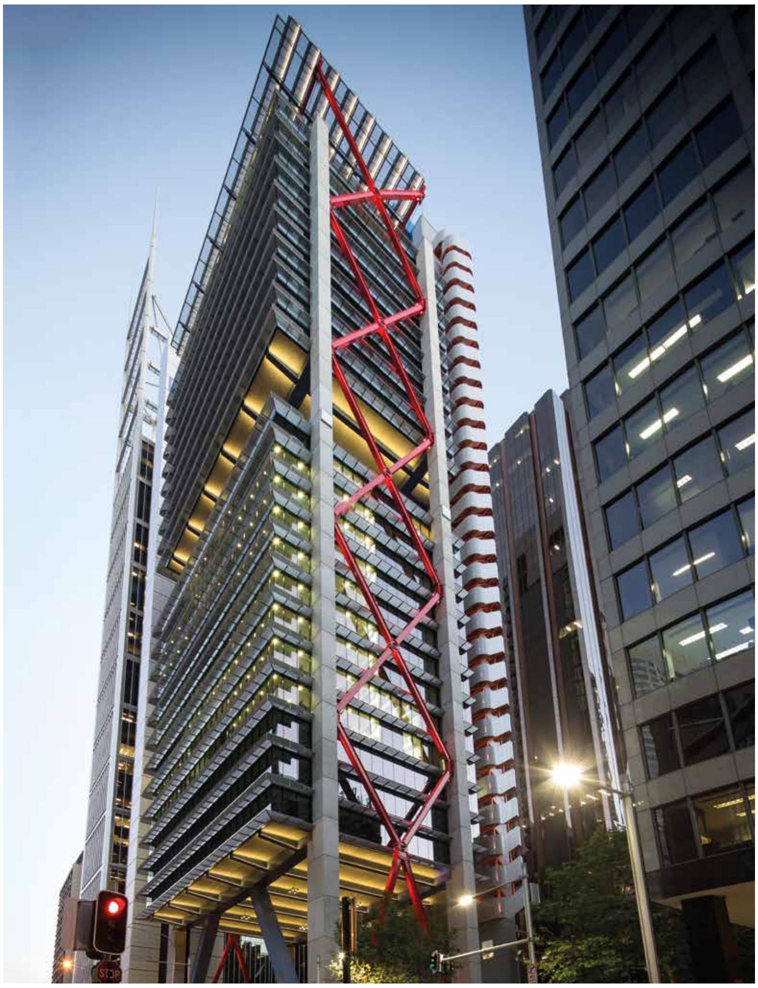
LEASE EXPIRY PROFILE BY COMMITTED MONTHLY GROSS RENT (%)
as at 31 December 2019



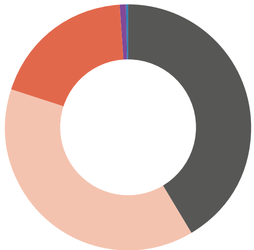
2020	7.8
2021	25.7
2022	18.2
2023	12.6
2024	17.2
2025 & beyond	18.5

[1] Valuation as at 31 December 2019 based on Keppel REIT's interest in the property.

PROPERTY PORTFOLIO
AUSTRALIA



TENANT BUSINESS SECTOR ANALYSIS BY COMMITTED MONTHLY GROSS RENT (%)
as at 31 December 2019



Legal	41.5
TMT	38.6
Banking, insurance and financial services	18.9
Retail and F&B	0.9
Real estate and property services	0.1
Total	**100.0**

TOP FIVE TENANTS
as at 31 December 2019

	% of Total Committed Monthly Gross Rent
Corrs Chambers Westgarth	41.5
Quantum Group	38.6
QBE Insurance Group	16.3
Natixis	2.7
Jay Kim Pty Ltd – Sushia	0.4

LEASE EXPIRY PROFILE BY COMMITTED MONTHLY GROSS RENT (%)
as at 31 December 2019

2020	–
2021	27.1
2022	–
2023	0.9
2024	30.5
2025 & beyond	41.5

8 CHIFLEY SQUARE

8 Chifley Square is a 30-storey premium grade commercial building located at the junction of Hunter Street and Elizabeth Street, in the heart of Sydney's prime business precinct. Its distinctive interlinked "vertical village" concept provides tenants with greater flexibility in the design of connected workspaces and encourages employee interaction and greater collaboration.

8 Chifley Square achieved the 5 Stars NABERS Energy rating in 2019 and holds the 6 Star Green Star – Office Design v2 as well as As Built v2 certifications by the Green Building Council of Australia (GBCA).

KEY STATISTICS
as at 31 December 2019

Location
8 Chifley Square, Sydney, New South Wales 2000, Australia

Title
Leasehold estate of 99 years expiring 5 April 2105

Ownership Interest
50%

Acquisition Date
28 July 2011

Valuation[1]
S$222.2 million | A$240.0 million

Attributable NLA
104,055 sf | 9,667 sm

Committed Occupancy
100%

Income Contribution
S$12.8 million

Number of Tenants
8

Number of Carpark Lots
29

[1] Valuation as at 31 December 2019 based on Keppel REIT's interest in the property and based on the exchange rate of A$1 = S$0.9257.

PROPERTY PORTFOLIO
AUSTRALIA

8 EXHIBITION STREET

8 Exhibition Street is located in the prime business district of Melbourne. The property comprises a total NLA of approximately 485,000 sf across a 35-storey freehold premium grade office tower and three adjacent retail units.

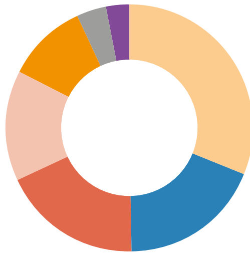
The office tower offers a panoramic view of various landmarks such as the Yarra River and the Royal Botanic Gardens. It is located close to public transportation nodes and is within walking distance to the Parliament and Flinders Street major railway stations.

8 Exhibition Street achieved the 5 Stars NABERS Energy rating in 2019.

KEY STATISTICS
as at 31 December 2019

Location 8 Exhibition Street, Melbourne, Victoria 3000, Australia	**Attributable NLA**[1] 244,490 sf | 22,714 sm
Title Freehold	**Committed Occupancy** 100%
Ownership Interest 50%[1]	**Income Contribution** S$11.8 million
Acquisition Date 1 August 2013[2] | 12 October 2015[3]	**Number of Tenants** 22
Valuation[1,4] S$245.6 million | A$265.3 million	**Number of Carpark Lots** –

TENANT BUSINESS SECTOR ANALYSIS BY COMMITTED MONTHLY GROSS RENT (%)
as at 31 December 2019

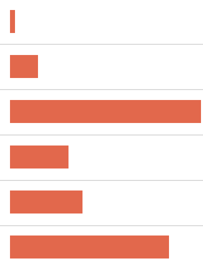


Accounting and consultancy services	31.3
Real estate and property services	18.6
Banking, insurance and financial services	18.2
TMT	14.5
Government agency	10.5
Energy, natural resources, shipping and marine	3.9
Retail and F&B	3.0
Total	**100.0**

TOP FIVE TENANTS
as at 31 December 2019

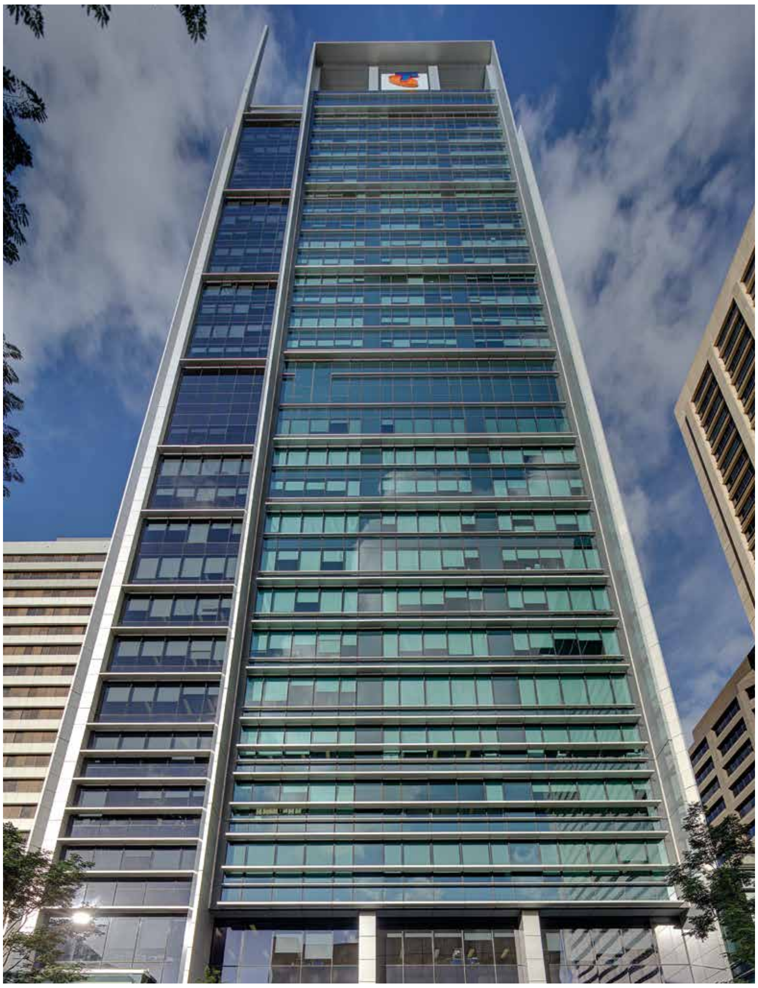
	% of Total Committed Monthly Gross Rent
Ernst & Young	29.1
Amazon	11.0
Minister for Finance – State of Victoria	10.5
UBS	8.5
CBRE	7.0

LEASE EXPIRY PROFILE BY COMMITTED MONTHLY GROSS RENT (%)
as at 31 December 2019



2020	0.9
2021	5.4
2022	37.2
2023	11.4
2024	14.1
2025 & beyond	31.0

1 Keppel REIT owns a 50% interest in the office building and a 100% interest in the three adjacent retail units.
2 Refers to Keppel REIT's 50% interest in the office building.
3 Refers to Keppel REIT's 100% interest in the three adjacent retail units.
4 Valuation as at 31 December 2019 based on Keppel REIT's interest in the property and based on the exchange rate of A$1 = S$0.9257.



275 GEORGE STREET

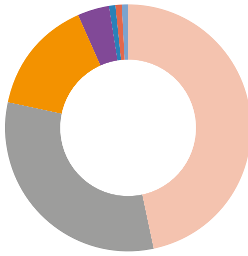
275 George Street is a prime grade building in Brisbane's CBD and offers approximately 450,000 sf of quality office space. Strategically located near the city's two largest railway stations, Roma Street Station and Central Railway Station, the 31-storey building offers tenants excellent connectivity and panoramic views of the cityscape.

275 George Street achieved the 5 Stars NABERS Energy rating in 2019. The building also holds the 5 Star Green Star – Office Design v2 and As Built v2, as well as the 3 Star Green Star – Performance v1.1 certifications by GBCA.

KEY STATISTICS
as at 31 December 2019

Location 275 George Street, Brisbane, Queensland 4000, Australia	**Attributable NLA** 224,537 sf | 20,860 sm
Title Freehold	**Committed Occupancy** 99.6%
Ownership Interest 50%	**Income Contribution** S$11.0 million
Acquisition Date 1 March 2010	**Number of Tenants** 16
Valuation[1] S$231.4 million | A$250.0 million	**Number of Carpark Lots** 215

TENANT BUSINESS SECTOR ANALYSIS BY COMMITTED MONTHLY GROSS RENT (%)
as at 31 December 2019

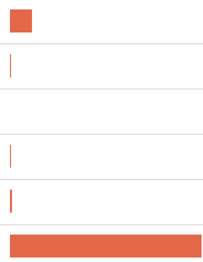


TMT	46.7
Energy, natural resources, shipping and marine	31.8
Government agency	15.1
Retail and F&B	3.9
Real estate and property services	1.0
Banking, insurance and financial services	0.8
Services	0.7
Total	**100.0**

TOP FIVE TENANTS
as at 31 December 2019

	% of Total Committed Monthly Gross Rent
Telstra Corporation	46.7
Queensland Gas Company	31.8
Department of Housing and Public Works – The State of Queensland	11.9
Office of the Director of Public Prosecutions – Commonwealth of Australia	3.2
Charter Hall Holdings	1.0

LEASE EXPIRY PROFILE BY COMMITTED MONTHLY GROSS RENT (%)
as at 31 December 2019



2020	10.0
2021	0.3
2022	–
2023	0.3
2024	0.8
2025 & beyond	88.6

[1] Valuation as at 31 December 2019 based on Keppel REIT's interest in the property and based on the exchange rate of A$1 = S$0.9257.

PROPERTY PORTFOLIO
AUSTRALIA

DAVID MALCOLM JUSTICE CENTRE

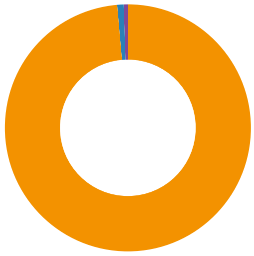
Located in Perth's CBD at the junction of Barrack Street and St Georges Terrace, the 33-storey David Malcolm Justice Centre and its annexe are built on the historic site of the Old Treasury Building. It offers a total NLA of approximately 336,000 sf and houses the Supreme Court's civil functions, judicial chambers, as well as the departments of Treasury and Justice.

David Malcolm Justice Centre achieved the 5 Stars NABERS Energy rating in 2019. The building also holds the 5 Star Green Star – Office Design v3 and As Built v3, as well as the 6 Star Green Star – Performance v1.2 certifications by GBCA.

KEY STATISTICS
as at 31 December 2019

Location 28 Barrack Street, Perth, Western Australia 6000, Australia	**Attributable NLA** 167,784 sf | 15,588 sm
Title Leasehold estate of 99 years expiring 30 August 2114	**Committed Occupancy** 100%
Ownership Interest 50%	**Income Contribution** S$12.7 million
Acquisition Date 28 March 2013	**Number of Tenants** 2
Valuation[1] S$215.2 million | A$232.5 million	**Number of Carpark Lots** 195

TENANT BUSINESS SECTOR ANALYSIS BY COMMITTED MONTHLY GROSS RENT (%)
as at 31 December 2019



Government agency	98.7
Real estate and property services	1.0
Retail and F&B	0.3
Total	**100.0**

TOP FIVE TENANTS
as at 31 December 2019

	% of Total Committed Monthly Gross Rent
Minister for Works – Government of Western Australia	98.7
Mirvac Real Estate	1.3

LEASE EXPIRY PROFILE BY COMMITTED MONTHLY GROSS RENT (%)
as at 31 December 2019

2020	1.3
2021	–
2022	–
2023	–
2024	–
2025 & beyond	98.7

[1] Valuation as at 31 December 2019 based on Keppel REIT's interest in the property and based on the exchange rate of A$1 = S$0.9257.

311 SPENCER STREET *(Under development)*

The 311 Spencer Street project site is strategically located between Melbourne's CBD and the Docklands precinct. It is also within walking distance to the Southern Cross Station, the city's major railway and transportation hub. When completed in 2Q 2020, the 40-storey Grade A office tower will offer an estimated total NLA of 717,000 sf of prime office space.

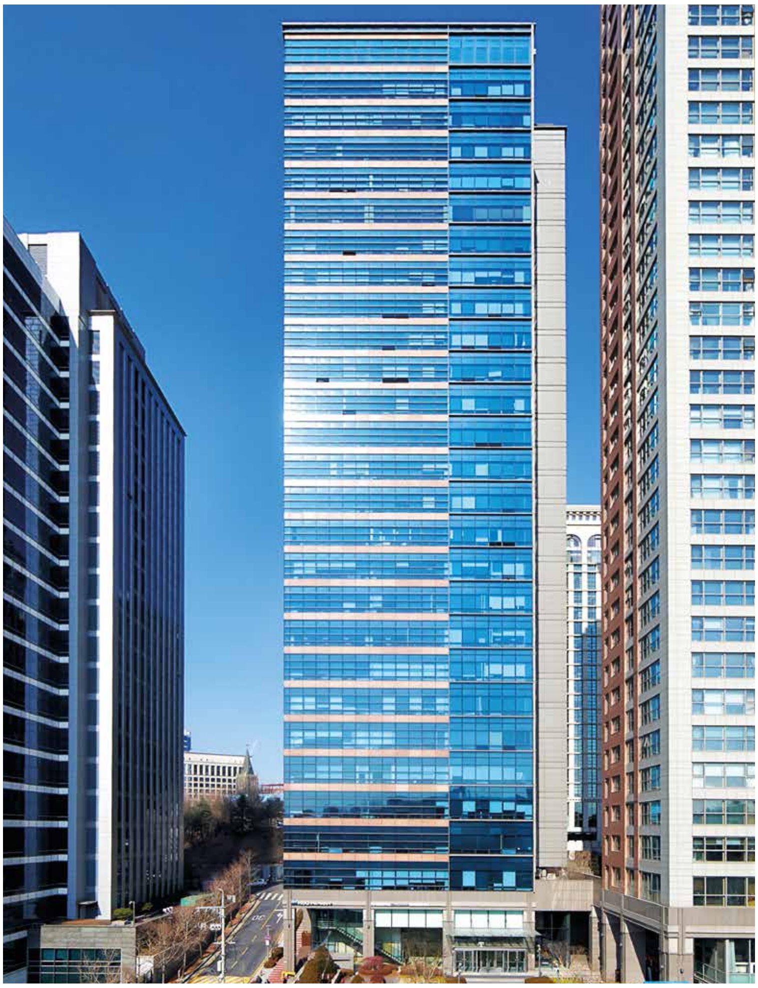
The office tower will be fully leased to the Minister for Finance – State of Victoria, and will serve as headquarters for the Victoria Police. Designed by leading architecture firm, Woods Bagot, the office building will be an eco-icon in Melbourne, meeting the requirements of the GBCA 5 Star Green Star – Office Design and As Built certifications. It is also targeting a 4.5 Stars NABERS Energy rating.

KEY STATISTICS
as at 31 December 2019

Location 311 Spencer Street, Melbourne, Victoria 3008, Australia	**Attributable NLA** 358,683 sf | 33,322 sm
Title Freehold	**Committed Occupancy** 100%
Ownership Interest 50%	**Income Contribution** –
Acquisition Date 31 July 2017	**Number of Tenants** 1
Valuation[1,2] S$323.5 million | A$349.5 million	**Number of Carpark Lots** 600

1 Based on "as is" valuation as at 31 December 2019. Includes A$102 million of development cost capitalised in 2019.
2 Based on Keppel REIT's interest in the property and based on the exchange rate of A$1 = S$0.9257.

PROPERTY PORTFOLIO
SOUTH KOREA



T TOWER

T Tower is a freehold 28-storey office building located in Seoul's CBD. Completed in 2010, the building offers an NLA of approximately 228,000 sf.

T Tower is well-served by various railway, subway and bus networks, including direct connections across the Seoul metropolitan area and regionally via high speed KTX train services. It is also a five-minute walk to the city's major railway station, Seoul Station. The building is located amid a diverse range of amenities and major hotels. It is also close to key retail districts such as Myeong-dong and Namdaemun.

KEY STATISTICS
as at 31 December 2019

Location
30 Sowolro, 2-gil, Jung-gu, Seoul, South Korea

Title
Freehold

Ownership Interest
99.4%

Acquisition Date
27 May 2019

Valuation[1]
S$299.9 million | KRW 259.0 billion

Attributable NLA
226,945 sf | 21,084 sm

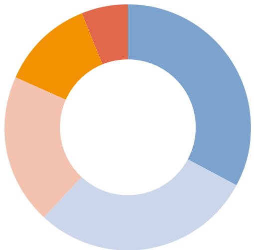
Committed Occupancy
100%

Income Contribution
S$8.2 million

Number of Tenants
11

Number of Carpark Lots
292

TENANT BUSINESS SECTOR ANALYSIS BY COMMITTED MONTHLY GROSS RENT (%)
as at 31 December 2019



Services	32.9
Manufacturing and distribution	29.2
TMT	19.8
Government agency	12.1
Banking, insurance and financial services	6.0
Total	**100.0**

TOP FIVE TENANTS
as at 31 December 2019

	% of Total Committed Monthly Gross Rent
Hankook Corporation	23.6
SK Communications	20.2
Philips Korea	15.1
Korea Housing & Urban Guarantee Corporation	12.3
LG Electronics	8.0

LEASE EXPIRY PROFILE BY COMMITTED MONTHLY GROSS RENT (%)
as at 31 December 2019

2020	25.4
2021	22.7
2022	47.9
2023	4.0
2024	–
2025 & beyond	–

[1] Valuation as at 31 December 2019 based on Keppel REIT's interest in the property and based on the exchange rate of KRW 1,000 = S$1.158.

FINANCIAL REVIEW

KEPPEL REIT DELIVERED STEADY DISTRIBUTABLE INCOME IN 2019 BY OPTIMISING THE PORTFOLIO, CAPTURING RENTAL UPSIDE AND MANAGING BORROWING COSTS.

Net Asset Value Per Unit

$1.35

Net asset value per Unit, excluding the distributable income for 4Q 2019, was $1.35 as at 31 December 2019.

Low Aggregate Leverage

35.8%

Lowered aggregate leverage to 35.8% as at end 2019, allowing more debt headroom for future growth.

Keppel REIT achieved distributable income of $189.3 million for the financial year ended 31 December 2019, comparable to $189.0 million for the financial year ended 31 December 2018. Despite lower income contribution from Ocean Financial Centre and Bugis Junction Towers, as well as lower one-off income and rental support received, distributable income was maintained year-on-year (y-o-y) due mainly to income contribution from T Tower which was acquired in May 2019, higher average portfolio rents and capital gains distribution, as well as lower borrowing costs.

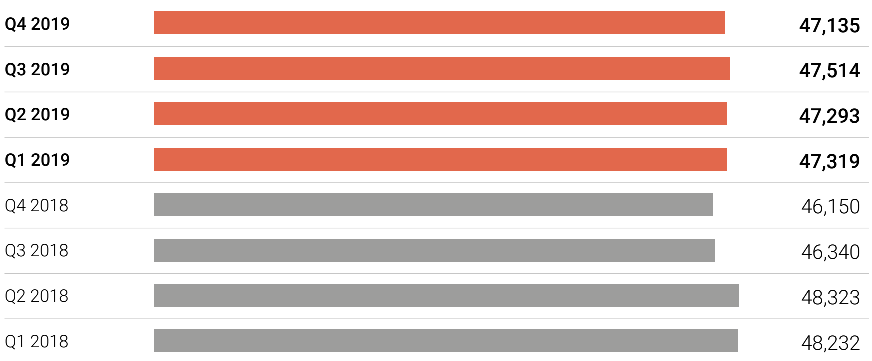
Share of results of associates increased 5.7% to $77.9 million due mainly to higher one-off income and higher average rents from Keppel REIT's interests in Marina Bay Financial Centre. Share of results of joint ventures decreased 5.5% to $28.5 million due to the weakened Australian dollar (AUD) which offsets the improvement in the underlying operations in Australia.

PORTFOLIO OPTIMISATION

As part of its portfolio optimisation strategy, Keppel REIT acquired an approximate 99.4% stake in T Tower for $292.0 million[1] from PGIM Real Estate[2] on 27 May 2019, following the divestment of a 20% stake in Ocean Financial Centre on 11 December 2018. T Tower is a Grade A freehold office building located in the central business district (CBD) of Seoul, South Korea.

1 Based on an exchange rate of KRW 1,000 = S$1.156 used for the purchase payment.
2 PGIM Real Estate is the real estate investment business of PGIM, the global investment management businesses of Prudential Financial, Inc. (NYSE: PRU), which is incorporated in the United States of America, and is not affiliated in any manner with Prudential plc, a company incorporated in the United Kingdom.

DISTRIBUTABLE INCOME BY QUARTER ($'000)



FINANCIAL REVIEW

OVERVIEW

	2019 $'000	2018 $'000	Change %
Property income	**164,053**	165,858	(1.1)
Property expenses	**(35,154)**	(32,703)	7.5
Net property income	**128,899**	133,155	(3.2)
Share of results of associates	**77,897**	73,720	5.7
Share of results of joint ventures	**28,525**	30,170	(5.5)
Interest income and rental support[1]	**29,852**	33,690	(11.4)
Manager's management fees	**(48,160)**	(51,263)	(6.1)
Other operating expenses	**(85,914)**	(87,815)	(2.2)
Profit before gain on divestment of investment property and net change in fair value of investment properties	**131,099**	131,657	(0.4)
Gain on divestment of investment property	**18,091**	–	N.m.
Net change in fair value of investment properties	**3,827**	33,167	(88.5)
Income tax expense	**(11,347)**	(10,236)	10.9
Profit after tax	**141,670**	154,588	(8.4)
Attributable to:			
– Unitholders	**119,930**	146,160	(17.9)
– Perpetual securities holders	**7,470**	7,470	–
– Non-controlling interests	**14,270**	958	N.m.
Distributable income	**189,261**	189,045	0.1

1 This relates to the rental support top-up payments received by Keppel REIT for the one-third interest in Central Boulevard Development Pte. Ltd. which holds Marina Bay Financial Centre Tower 3. The remaining rental support was fully drawn in 1Q 2019.

N.m. = Not meaningful

On 29 November 2019, Keppel REIT completed the divestment of Bugis Junction Towers, which was sold to Village Prop. Pte. Ltd. for $547.7 million. This was 243.4% above the purchase price of $159.5 million in 2006. Approximately $378.4 million[1] of capital gains were realised from this divestment. The proceeds from the divestment will enable the Manager to continue its Distribution per Unit (DPU)-accretive Unit buy-back programme and pare down debt, while seeking higher yielding growth opportunities.

Keppel REIT's assets under management (AUM) was $7.9 billion as at 31 December 2019, a decrease from $8.1 billion as at 31 December 2018. These comprised interests in nine premium office assets (completed and under development) in Singapore, key Australian cities of Sydney, Melbourne, Brisbane and Perth, as well as Seoul, South Korea.

In Singapore, Keppel REIT owns an approximate 79.9% interest in Ocean Financial Centre (Ocean Financial Centre Interest), a one-third interest in Marina Bay Financial Centre (comprising Towers 1, 2 and 3 and the subterranean mall, Marina Bay Link Mall) and a one-third interest in One Raffles Quay.

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

FINANCIAL YEAR ENDED 31 DECEMBER 2019

1Q 2019 Results Announcement	17 April 2019
1Q 2019 Distribution to Unitholders	30 May 2019
2Q and 1H 2019 Results Announcement	15 July 2019
2Q 2019 Distribution to Unitholders	27 August 2019
3Q and 9M 2019 Results Announcement	16 October 2019
3Q 2019 Distribution to Unitholders	27 November 2019
4Q and FY 2019 Results Announcement	22 January 2020
4Q 2019 Distribution to Unitholders	28 February 2020

In Australia, Keppel REIT holds a 50% interest in 8 Chifley Square in Sydney (8 Chifley Square Interest), a 50% interest in the 8 Exhibition Street office building and a 100% interest in the three adjacent retail units (8 Exhibition Street Interest), a 50% interest in 275 George Street in Brisbane (275 George Street Interest), a 50% interest in David Malcolm Justice Centre in Perth (David Malcolm Justice Centre Interest) and a 50% interest in the office tower under development at 311 Spencer Street in Melbourne (311 Spencer Street Interest).

The contributions from Ocean Financial Centre, 8 Exhibition Street Interest, 275 George Street Interest and T Tower, as well as the contribution from Bugis Junction Towers for the period from 1 January 2019 to 29 November 2019 (before divestment), are accounted for as property income. Upon completion of the office tower at 311 Spencer Street, contribution from 311 Spencer Street Interest will also be accounted for as property income.

The contributions from Keppel REIT's respective one-third interests in Marina Bay Financial Centre and One Raffles Quay are accounted for as share of results of associates. The contributions from the 8 Chifley Square Interest and David Malcolm Justice Centre Interest are accounted for as share of results of joint ventures.

DISTRIBUTABLE INCOME

Distributable income remained stable at $189.3 million for 2019, comparable to $189.0 million for 2018.

Despite lower income contribution from Ocean Financial Centre Interest and Bugis Junction Towers, as well as lower one-off income and rental support received, distributable income was maintained y-o-y due mainly to income contribution from T Tower which was acquired in May 2019, higher average portfolio rents and capital gains distribution, as well as lower borrowing costs.

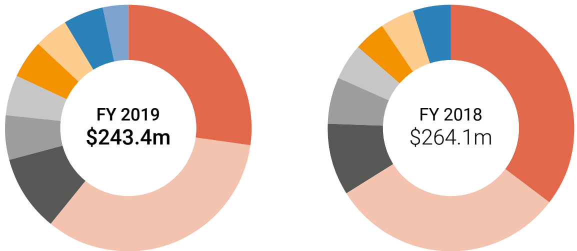
PROPERTY INCOME

Property income for 2019 was $164.1 million, $1.8 million lower than $165.9 million for 2018. The lower property income was due mainly to the divestment of Bugis Junction Towers in November 2019 and lower one-off income. This was offset partly by property income contribution from the newly acquired T Tower in May 2019 and higher average portfolio rents.

Share of results of associates increased due mainly to higher one-off income and higher average rents at Marina Bay Financial Centre.

FINANCIAL REVIEW

INCOME CONTRIBUTION BY ASSET (%)



	2019	2018
Ocean Financial Centre Interest	**27.4**	35.5
One-third interests in BFCDLLP and CBDPL[1]	**33.7**	30.7
One-third interest in ORQPL[2]	**9.8**	9.4
Bugis Junction Towers	**5.9**	6.1
8 Chifley Square Interest	**5.3**	4.9
8 Exhibition Street Interest	**4.9**	4.2
275 George Street Interest	**4.5**	4.2
David Malcolm Justice Centre Interest	**5.2**	5.0
T Tower Interest	**3.3**	–
Total	**100.0**	100.0

1 Comprised interest income, distribution/dividend income and rental support for CBDPL.
2 Comprised interest income and dividend income.

Keppel REIT holds a 50% interest in 8 Chifley Square, a premium grade office building in the heart of Sydney's CBD.

NET PROPERTY INCOME

Net property income (NPI) for 2019 was $128.9 million, $4.3 million lower compared to $133.2 million for 2018, due mainly to the divestment of Bugis Junction Towers in November 2019 and lower one-off income.

This was offset partly by NPI contribution from the newly acquired T Tower in May 2019, higher average portfolio rents and higher NPI from 8 Exhibition Street Interest as a result of lower property expenses.

INCOME CONTRIBUTION

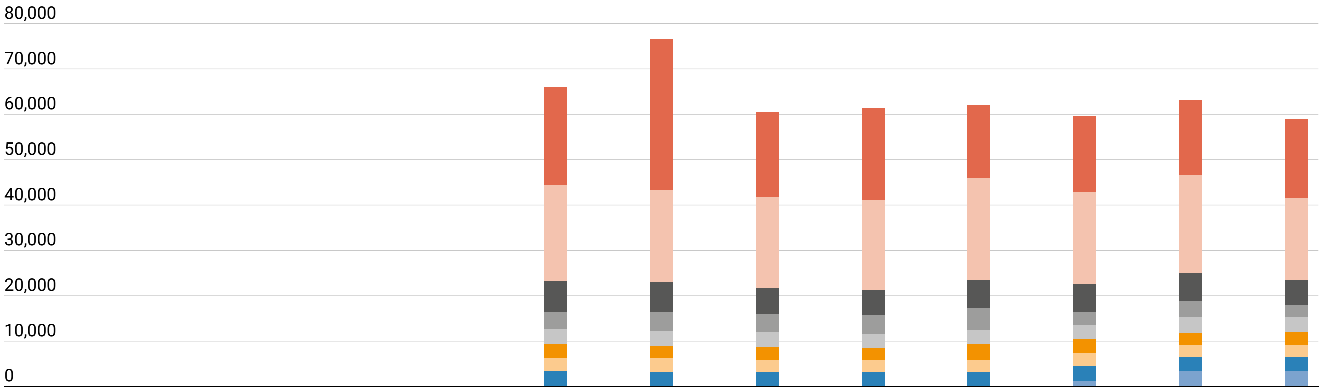
Income contribution comprises NPI from Ocean Financial Centre Interest, Bugis Junction Towers, 8 Exhibition Street Interest, 275 George Street Interest and T Tower Interest; rental support; distribution income from 8 Chifley Square Interest and David Malcolm Justice Centre Interest; dividend and distribution income from the respective one-third interests in One Raffles Quay Pte Ltd (ORQPL) which holds One Raffles Quay, BFC Development Limited Liability Partnership (BFCDLLP) and Central Boulevard Development Pte. Ltd. (CBDPL) which hold Marina Bay Financial Centre (MBFC) Towers 1, 2 and 3, and the subterranean mall, Marina Bay Link Mall; as well as interest income from ORQPL and BFCDLLP.

Keppel REIT's income contribution for 2019 was $243.4 million, lower compared with $264.1 million for 2018 due mainly to lower NPI from Ocean Financial Centre Interest, Bugis Junction Towers, 275 George Street Interest, lower one-off income, lower rental support for CBDPL, lower interest and dividend income from ORQPL, as well as lower distribution income from joint ventures.

NPI from Ocean Financial Centre Interest and Bugis Junction Towers were lower due mainly to the divestment of a 20% stake in Ocean Financial Centre in December 2018 and the divestment of Bugis Junction Towers in November 2019. The lower NPI from 275 George Street Interest, as well as lower distribution income from 8 Chifley Square Interest and David Malcolm Justice Centre Interest were due mainly to a weakened AUD.

The decrease was offset partly by income contribution from the newly acquired T Tower Interest in May 2019, higher NPI contribution from 8 Exhibition Street Interest, higher interest income from BFCDLLP, and higher dividend and distribution income from BFCDLLP and CBDPL. The higher NPI contribution from 8 Exhibition Street Interest despite a weakened AUD was due mainly to lower property expenses.

INCOME CONTRIBUTION BY ASSET BY QUARTER ($'000)



	Q1 2018	Q2 2018	Q3 2018	Q4 2018	**Q1 2019**	**Q2 2019**	**Q3 2019**	**Q4 2019**
Ocean Financial Centre Interest	21,479	33,240	18,738	20,234	**16,129**	**16,667**	**16,617**	**17,278**
One-third interests in BFCDLLP and CBDPL[1]	21,074	20,320	19,970	19,644	**22,266**	**20,107**	**21,460**	**18,102**
One-third interest in ORQPL[2]	6,928	6,578	5,763	5,524	**6,173**	**6,140**	**6,119**	**5,420**
Bugis Junction Towers	3,735	4,224	3,992	4,194	**4,997**	**3,006**	**3,593**	**2,775**
8 Chifley Square Interest	3,233	3,274	3,265	3,247	**3,084**	**3,130**	**3,418**	**3,200**
8 Exhibition Street Interest	3,162	2,726	2,832	2,437	**3,454**	**2,901**	**2,673**	**2,797**
275 George Street Interest	2,822	2,983	2,623	2,707	**2,674**	**2,977**	**2,640**	**2,728**
David Malcolm Justice Centre Interest	3,431	3,230	3,236	3,272	**3,203**	**3,196**	**3,160**	**3,144**
T Tower Interest	–	–	–	–	**–**	**1,311**	**3,446**	**3,408**
Total	65,864	76,575	60,419	61,259	**61,980**	**59,435**	**63,126**	**58,852**

1 Comprised interest income, distribution/dividend income and rental support for CBDPL.
2 Comprised interest income and dividend income.

In the first quarter of 2019, Keppel REIT received its final tranche of rental support which amounted to $2.2 million (net of tax) and translated to DPU of approximately 0.07 cents.

ASSETS UNDER MANAGEMENT

Keppel REIT's AUM was approximately $7.9 billion as at 31 December 2019, compared with $8.1 billion as at 31 December 2018, due mainly to the divestment of Bugis Junction Towers on 29 November 2019, offset partly by the acquisition of T Tower on 27 May 2019.

One Raffles Quay, 8 Chifley Square and 8 Exhibition Street saw a decrease in their respective capital values due mainly to potential occupancy changes and void periods. The capital values of all Australian assets were also impacted by the depreciation of the AUD against the Singapore dollar (SGD).

VALUATION OF PROPERTIES

	2019 $ million	**2018 $ million**	**Change %**
Ocean Financial Centre Interest	**2,099.8**	2,099.0	0.04
One-third interest in MBFC Towers 1 and 2, as well as Marina Bay Link Mall	**1,695.3**	1,695.3	–
One-third interest in MBFC Tower 3	**1,297.0**	1,297.0	–
One-third interest in One Raffles Quay	**1,254.3**	1,275.6	(1.7)
Bugis Junction Towers	**–[1]**	515.0	(100.0)
8 Chifley Square Interest	**222.2[2]**	249.3[6]	(10.9)
8 Exhibition Street Interest	**245.6[2]**	271.9[6]	(9.7)
275 George Street Interest	**231.4[2]**	232.2[6]	(0.3)
David Malcolm Justice Centre Interest	**215.2[2]**	221.6[6]	(2.9)
311 Spencer Street Interest	**323.5[2,3]**	233.8[3,6]	38.4
T Tower Interest	**299.9[4,5]**	–	N.m.
Total	**7,884.2**	8,090.7	(2.6)

1 Bugis Junction Towers was divested on 29 November 2019.
2 Based on the exchange rate of A$1 = S$0.9257 as at 31 December 2019.
3 Valuation on an "as is" basis as at 31 December 2019 and 31 December 2018.
4 Based on the exchange rate of KRW 1,000 = S$1.158 as at 31 December 2019.
5 T Tower was acquired on 27 May 2019.
6 Based on the exchange rate of A$1 = S$1.0071 as at 31 December 2018.

N.m. = Not meaningful

FINANCIAL REVIEW

Keppel REIT's Singapore assets, which include Ocean Financial Centre, accounted for over 75% of its income contribution in 2019.

NET ASSET VALUE

As at 31 December 2019, Keppel REIT's net asset value excluding the distributable income for 4Q 2019 was $1.35 per Unit.

CAPITAL MANAGEMENT

The Manager adopts a prudent approach towards capital management. It regularly assesses and forecasts Keppel REIT's expense requirements and potential funding needs, as well as manages debt maturities and interest costs. The REIT's cash flow position and working capital needs are monitored closely to ensure that there are adequate reserves in terms of cash and available credit facilities to meet short- to medium-term obligations.

As part of its efforts to manage interest costs and further diversify funding sources, Keppel REIT raised $200.0 million on 10 April 2019 through an issuance of five-year convertible bonds at a coupon rate of 1.9% per annum. Part of the net proceeds from the issuance (after payment of issue expenses) were used to fund the acquisition of T Tower, with the remaining proceeds used for repayment of loans.

In 2019, a Green Loan Framework was established and two green loan facilities totalling $655.0 million were obtained. These green funding sources reflect the Manager's continued commitment to sustainability, which includes upholding high environmental standards at the properties.

During the year, the Manager continued with its DPU-accretive Unit buy-back programme which aims to enhance returns to Unitholders in the long term. In 2019, a total of 67.1 million issued Units were purchased from the open market and subsequently cancelled.

FUNDING AND BORROWINGS

As at 31 December 2019, the total gross borrowings (excluding external borrowings carried at ORQPL and CBDPL) of Keppel REIT were lowered to $2,136.4 million. The decrease from $2,290.6 million the year before was due mainly to repayment of loans with part of the divestment proceeds and working capital optimisation. This was offset partly by the issuance of $200.0 million convertible bonds and further drawdown of loans to fund the development of the office tower at 311 Spencer Street.

Consequently, the aggregate leverage of Keppel REIT was lowered to 35.8% as at 31 December 2019, compared to 36.3% as at 31 December 2018, allowing more debt headroom for future growth.

The weighted average term to maturity of Keppel REIT's borrowings was 3.4 years[1] as at 31 December 2019. Keppel REIT actively seeks refinancing at competitive costs and continues to maintain low refinancing obligations. To date, commitments from banks to refinance all the loans due in 2020 have been received.

For 2019, Keppel REIT recorded an all-in interest rate of 2.77% per annum and interest coverage ratio of 3.8 times. As at 31 December 2019, the interest rates of 76% of Keppel REIT's total borrowings[2] were fixed to safeguard against interest rate volatility.

[1] Taking into account the commitments received to refinance the loans due in 2020, the weighted average term to maturity would be 4.0 years.
[2] Included Keppel REIT's proportionate share of external borrowings carried at ORQPL and CBDPL.

CASH FLOWS AND LIQUIDITY

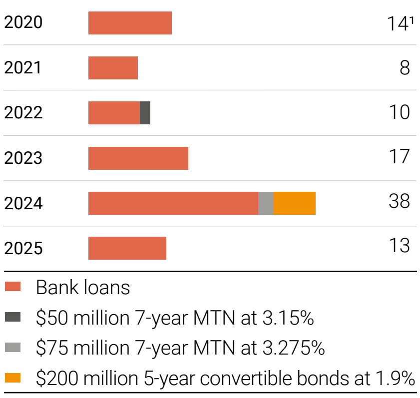
As at 31 December 2019, Keppel REIT's cash and bank balances (including restricted cash and bank balances) stood at $124.8 million, as compared with $258.9 million as at 31 December 2018. The decrease was driven partly by repayment of borrowings in 1Q 2019 using part of the proceeds from the sale of 20% stake in Ocean Financial Centre.

Net cash flows provided by operating activities for 2019 were $92.6 million, a decrease of $24.5 million from the operating cash flows of $117.1 million in the preceding financial year. The lower operating cash flows were due mainly to the sale of 20% stake in Ocean Financial Centre in December 2018 and divestment of Bugis Junction Towers in November 2019, lower one-off income and lower NPI from 275 George Street Interest. This was offset partly by NPI contribution from the newly acquired T Tower in May 2019, higher average portfolio rentals and higher NPI from 8 Exhibition Street Interest.

Net cash flows provided by investing activities for 2019 were $388.2 million. This comprised mainly proceeds from divestment of Bugis Junction Towers of $530.3 million, dividend and distribution income received from associates of $77.9 million, distribution income received from joint ventures of $25.6 million and interest income of $27.3 million. This was offset partly by consideration paid for the acquisition of T Tower of $151.3 million, progress payments on the office tower at 311 Spencer Street of $96.5 million, subsequent expenditure on investment properties of $16.2 million and settlement of $9.9 million pertaining to accrued development costs for an approximate 99.9% interest in Ocean Financial Centre and one-third interest in MBFC Towers 1 and 2, as well as Marina Bay Link Mall.

Net cash flows used in financing activities were $617.7 million. This included mainly repayment of loans of $1,191.5 million, distribution payments of $188.3 million to Unitholders, purchase and subsequent cancellation of treasury units of $82.1 million, and payments of interest expense of $59.3 million.

DEBT MATURITY PROFILE (%)



1 To date, commitments to refinance the loans due in 2020 have been received.

KEY STATISTICS

	2019	2018
Aggregate leverage[1]	**35.8%**	36.3%
Interest coverage ratio	**3.8 times**	3.9 times
Percentage of assets unencumbered	**78%**	83%
All-in interest rate per annum[2]	**2.77%**	2.81%
Weighted average term to maturity	**3.4 years[3]**	2.8 years

1 Computed based on ratio of gross borrowings to value of deposited properties, as stipulated in the Property Funds Appendix to the Code on Collective Investment Schemes issued by Monetary Authority of Singapore. Gross borrowings included Keppel REIT's share of external borrowings carried at ORQPL and CBDPL. In 2018, this also included Keppel REIT's share of deferred payments in relation to the development of the Ocean Financial Centre carpark and retail podium, MBFC Towers 1 and 2, as well as Marina Bay Link Mall.
2 All-in interest rate includes amortisation of upfront debt arrangement expenses.
3 Taking into account the commitments received to refinance the loans due in 2020, the weighted average term to maturity would be 4.0 years.

CHANGE IN PROFIT BEFORE TAX ($'000)

Resulting from:	
0.1% increase in interest rate	(196)
0.1% decrease in interest rate	196
5% appreciation of AUD against SGD	2,022
5% depreciation of AUD against SGD	(2,022)
5% appreciation of KRW against SGD	N.m.
5% depreciation of KRW against SGD	N.m.

N.m. = Not material

FINANCIAL REVIEW

This was offset partly by drawdown of loans of $725.3 million and issuance of convertible bonds of $200.0 million.

ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)), applicable requirements of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore and the provisions of the Trust Deed. SFRS(I) is identical to the International Financial Reporting Standards issued by the International Accounting Standards Board.

SENSITIVITY ANALYSIS

Keppel REIT is subject to interest rate fluctuations, which affect its interest-earning financial assets and interest-bearing financial liabilities. It is also subject to foreign exchange fluctuations, which affect the AUD and Korean Won (KRW) denominated income generated from its assets in Australia and South Korea respectively.

In respect of interest rates 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 $0.2 million in Keppel REIT's profit before tax. The interest-bearing financial liabilities refer specifically to floating rate borrowings that are not hedged.

Keppel REIT adopts a policy of hedging its AUD and KRW denominated income to limit exposure to fluctuations in foreign exchange rates and to provide greater certainty over future distributions.

Keppel REIT's profit before tax will increase or decrease by $2.0 million if the AUD appreciates or depreciates by 5% against the SGD. There is no significant impact on profit before tax if the KRW appreciates or depreciates by 5% against the SGD.

Keppel REIT has a policy of hedging income from its Australian assets, including 275 George Street in Brisbane, to limit exposure to fluctuations in foreign exchange rates.

SUSTAINABILITY FRAMEWORK

WE PLACE SUSTAINABILITY AT THE HEART OF OUR STRATEGY, DELIVERING SOLUTIONS FOR SUSTAINABLE URBANISATION WHILE CREATING ENDURING VALUE FOR OUR STAKEHOLDERS – THROUGH ENVIRONMENTAL STEWARDSHIP, RESPONSIBLE BUSINESS PRACTICES, AND NURTURING OUR PEOPLE AND THE COMMUNITIES, WHEREVER WE OPERATE.

ENVIRONMENTAL STEWARDSHIP

We will do our part to combat climate change, and are committed to improving resource efficiency and reducing our environmental impact.

For more information, go to: pages 63 to 65

RESPONSIBLE BUSINESS

The long-term sustainability of our business is driven at the highest level of the organisation through strong corporate governance and prudent risk management.

For more information, go to: pages 66 to 68

PEOPLE AND COMMUNITY

We are committed to providing a safe and healthy workplace, investing in developing and training our people, and uplifting communities wherever we operate.

For more information, go to: pages 69 to 72

LETTER TO STAKEHOLDERS

GRI 102-14

DEAR STAKEHOLDERS,

As climate change and environmental concerns continue to take centre stage around the world, Keppel REIT Management (the Manager) remains steadfast in our commitment to uphold high standards in the aspects of environmental, social and governance (ESG). This is an important element of Keppel REIT's strategy and key to safeguarding long-term value for Unitholders.

I am pleased to present Keppel REIT's sustainability report, which outlines our targets and articulates the progress we made in our sustainability journey in 2019. The report has been prepared in accordance with the internationally-recognised Global Reporting Initiative (GRI) Standards.

Sustainability is an important element of Keppel REIT's strategy and key to safeguarding long-term value for Unitholders.

ADVANCING OUR SUSTAINABILITY AGENDA

In 2019, we continued to drive and integrate best practices in ESG across Keppel REIT's business operations. Our sustainability approach comprises the three thrusts of Environmental Stewardship, Responsible Business, as well as People and Community.

Material ESG issues for Keppel REIT are integrated into the REIT's strategy formulation. ESG initiatives are coordinated by a Sustainability Committee comprising members from various functions, including asset management, investment, finance, human resources, investor relations, as well as risk and compliance. The Committee communicates Keppel REIT's sustainability progress to the Board of Directors (the Board) and management. Sustainability aspects are also incorporated within the corporate scorecard.

ENVIRONMENTAL STEWARDSHIP

We have also aligned our environmental management practices with the internationally-recognised International Organization for Standardization (ISO) standards, including ISO 14001:2015.

As at end 2019, all of Keppel REIT's Singapore assets have maintained the highest Platinum status under the Building and Construction Authority's (BCA) Green Mark Scheme. In Australia, all of Keppel REIT's operational buildings have achieved the 5 Stars National Australian Built Environment Rating System (NABERS) Energy rating, while the office tower at 311 Spencer Street is under construction.

Keppel REIT's greenhouse gas (GHG) emission and waste intensities for 2019 decreased slightly year-on-year, while energy and water usage intensity levels registered a slight increase. We remain committed to improving the environmental performance of the REIT's buildings.

Recognising that climate change requires collective action, we continued to rally all our stakeholders to join us in reducing our environmental footprint. To raise awareness on water conservation, eco-roadshows were held in collaboration with PUB. In addition, recycling and electronic waste collection points were set up at all of Keppel REIT's Singapore and Australia properties to encourage the habit of recycling. To raise awareness of plastic pollution, the Manager, together with Keppel Land, organised the "Ayer Ayer Project Table" display – an interactive microplastics artwork made from Singapore's shore debris.

RESPONSIBLE BUSINESS

In line with our commitment to deliver sustainable distributions, we continue with our portfolio optimisation strategy, which is intended to produce both capital gains and longer term growth in distributions for Unitholders. This, together with our proactive asset and capital management efforts, are focused on improving the total returns for investors.

Strong corporate governance and risk management are key to long-term success. The management of ESG issues is also a key consideration in Keppel REIT's business operations due to its longer term impact on the environment, community and Keppel REIT's financial performance.

PEOPLE AND COMMUNITY

We are committed to the development of a competent and motivated talent pool through training and development to help our people reach their fullest potential. In 2019, full-time employees of Keppel REIT received an average of 33.5 hours of training.

At the same time, we are committed to doing good as we do well by contributing to and engaging local communities. In 2019, together with Keppel Capital, we dedicated about 1,380 hours to community outreach activities.

FORWARD TOGETHER

We are heartened that our collective efforts in raising ESG standards have been recognised. In 2019, Keppel REIT maintained its Green Star Status and was ranked 6th out of 19 listed office entities in Asia in the Global Real Estate Sustainability Benchmark (GRESB) 2019. It was also awarded Prime status in ISS-oekom's ESG corporate rating and is part of two key iEdge SG ESG Indices – the iEdge SG ESG Transparency Index and the iEdge SG ESG Leaders Index.

We look forward to your continued support in our journey to create a more sustainable future for all.

Yours sincerely,

PAUL THAM
Chief Executive Officer
19 February 2020

ABOUT THIS REPORT

This sustainability report 2019 (the Report) outlines the Manager's sustainability strategy and performance, which is measured against Keppel REIT's material ESG metrics.

The Manager focuses its sustainability efforts on key issues that could potentially impact the REIT's business and its stakeholders. The Manager also seeks to uphold and promote the principles of corporate social responsibility (CSR).

Keppel REIT's key material ESG issues were identified through continual stakeholder engagement and materiality assessment, which are then further reviewed and refined periodically.

The Manager continually places importance on the material ESG issues identified in relation to Keppel REIT's operations and strategy formulation. The Board exercises strategic oversight, reviews and monitors these ESG issues and goals periodically taking into account input from the management team and its engagement with key stakeholders.

The Manager takes proactive steps to improve its ESG performance and implements sustainable design features at its properties, including Ocean Financial Centre (pictured).

GLOBAL REPORTING INITIATIVE STANDARDS

GRI 102-54

This report is prepared in accordance with the GRI Standards: Core option.

The scope and content of the Report reflect the Manager's approach to sustainability and was developed in accordance with the GRI's Reporting Principles for defining report content: Materiality, Stakeholder Inclusiveness, Sustainability Context and Completeness. These principles were also incorporated into the Manager's sustainability management processes, such as stakeholder engagement and materiality assessment. These processes are further detailed in the sections on Managing Sustainability and Materiality Assessment.

The GRI references used in this Report are listed in the GRI Content Index on pages 73 to 76.

REPORTING PERIOD AND SCOPE

GRI 102-46 | 102-50 | 102-52 | 102-53

This is Keppel REIT's 11th annual sustainability report and is based on the financial year from 1 January to 31 December 2019. The ESG issues covered in this Report were identified through a comprehensive materiality assessment and determined to be the most relevant to Keppel REIT's business and its key stakeholders.

The Report also details the Manager's approach to implementing best practices in sustainability and adapting to emerging ESG risks and opportunities. Such efforts include adhering to industry-leading building management standards, implementing sustainable design features, engaging with key stakeholders, as well as upholding best practices in corporate governance and risk management.

The scope of the Report is based on Keppel REIT's attributable interests in Ocean Financial Centre (79.9%), Marina Bay Financial Centre (33.3%), One Raffles Quay (33.3%), Bugis Junction Towers[1] (100%) and the four operational properties in Australia (50% each). It excludes the office tower under development at 311 Spencer Street in Melbourne and T Tower in Seoul, which was acquired in May 2019. The environmental data was annualised based on 11 months of data for 2019, with the exception of Bugis Junction Towers[1], as the full year data was not yet available at the time of publication of the Report.

Contact for feedback:
investor.relations@keppelreit.com

[1] As Bugis Junction Towers was divested on 29 November 2019, this Report included 11 months of the building's environmental data which was extrapolated from 10 months of actual data.

MANAGING SUSTAINABILITY

GRI 102-18 | 102-46 | 102-47

The Manager, through its sustainability strategy, seeks to create and safeguard long-term value for Keppel REIT's key stakeholders. In addition, sustainability aspects are also considered in the Manager's decision-making processes and throughout Keppel REIT's business operations.

The Manager's approach to sustainability is guided by the three thrusts of Environmental Stewardship, Responsible Business and People and Community. The Manager is committed to minimise the environmental impact of its buildings, uphold strong corporate governance and create a positive impact on various stakeholders in the community.

A Sustainability Committee established by the Manager facilitates the incorporation of sustainability management principles into Keppel REIT's business operations. The Committee comprises representatives from various functions including asset management, investment, finance, human resources, investor relations, as well as risk and compliance. The Committee monitors Keppel REIT's sustainability progress and communicates its findings to the Board and management team.

The Manager's sustainability approach is integrated into Keppel REIT's risk management framework, which is designed to identify and mitigate key business risks, including emerging risks associated with ESG issues.

As an entity of the Keppel Group, the Manager adopts and adheres to the Group's policies to guide its management of key ESG issues. These policies include the Keppel Group Code of Conduct, Global Anti-Bribery Policy including the Anti-Bribery and Corruption Statement, Corporate Statement on Human Rights, Whistle-Blower Policy, Insider Trading Policy, Competition Law Compliance Manual, Guidance on Conflict of Interests and other relevant policies.

Upon onboarding and orientation, all new employees are briefed on these key policies. In addition, all existing employees undergo annual online training courses and declarations to reinforce these policies. All policies are updated and communicated to all relevant parties as necessary.

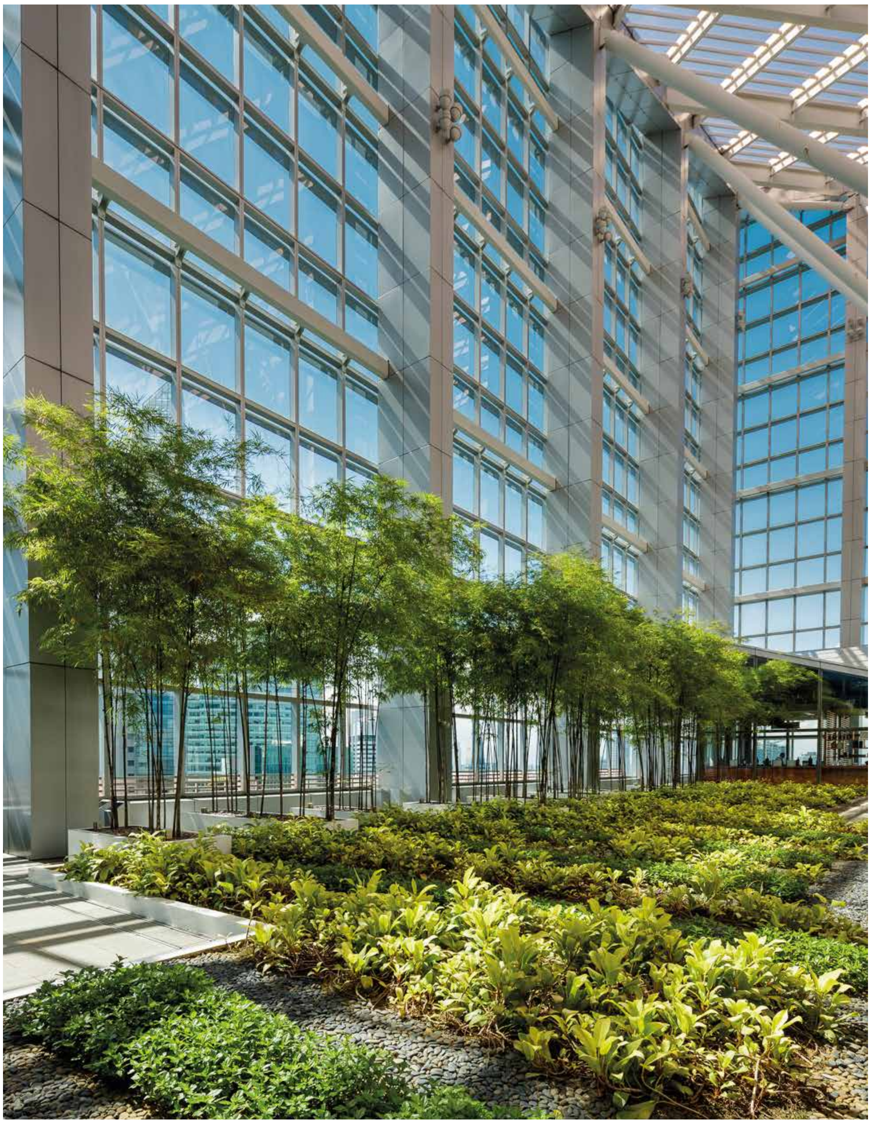
The Manager also seeks to extend its principles of environmental stewardship and CSR through its supply chain where applicable. For more details on such policies, please refer to the Supply Chain and Responsible Procurement section on page 68.

The Manager complies with all relevant laws and regulations including those of the Singapore Exchange (SGX) and the Monetary Authority of Singapore (MAS). Further, it operates in accordance with internationally-recognised standards such as the ISO 14001:2015 standard for environmental management, as well as the OHSAS 18001 standard for occupational health and safety management. In 2019, there were no known violations of any laws or regulations.

The Manager is committed to ethical marketing communication practices and ensuring customer privacy. It abides by the Singapore Code of Advertising Practice by the Advertising Standards Authority of Singapore and the Code of Practice for Safeguarding Information. The Manager also conducts its business in compliance with Singapore's Personal Data Protection Act (PDPA), which governs the collection, use and disclosure of personal data.

The Manager adopts proactive leasing and tenant engagement strategies to attract and retain quality tenants in its portfolio. The effectiveness of its tenant engagement activities is measured against several key criteria and evaluated through tenant satisfaction surveys conducted both online, as well as

The Manager incorporates thoughtful eco-features in its buildings. Pictured is the roof garden at Marina Bay Financial Centre Tower 1, which attained the BCA Green Mark Platinum Award in 2020.



The table below lists Keppel REIT's key material ESG issues, their relevance throughout the life cycle of the properties as well as the associated targets set by the Manager.

Key Material Issues	Target	Value Chain	Boundary	Page No.
Economic Sustainability	Sound risk management coupled with good corporate governance policies and practices to drive long-term sustainable growth and Unitholder value	Acquisition, Asset Management, Divestment	Internal and External	6 to 7, 49 to 56, 66
Product and Service Excellence	To achieve at least the BCA Green Mark Gold^{PLUS} Award for all Singapore properties	Acquisition, Asset Management, Divestment	Internal and External	64 to 65
Environmental Performance	Using 2010 as the base year, – To reduce energy usage intensity by 30% by 2030 – To reduce GHG emission intensity by 30% by 2030 – To reduce water usage intensity by 60% by 2030 To manage waste responsibly	Acquisition, Asset Management	Internal	63 to 65
Safety and Health	To achieve a zero fatality workplace	Acquisition, Asset Management	Internal	68, 71 to 72
Labour Practices (including employee engagement, training and non-discrimination)	For each employee to attend a minimum of three training sessions per year	Acquisition, Asset Management, Divestment	Internal	69 to 71
Corporate Governance	To have zero instances of violation of laws and regulations in the countries where we operate To maintain a robust risk management system and internal controls To have timely and accurate communication of information to stakeholders	Acquisition, Asset Management, Divestment	Internal and External	60 to 71, 143 to 167
Community Development and Engagement	To engage and contribute to the local communities so as to mitigate the impact of Keppel REIT's business on the environment	Asset Management, Divestment	External	72

face-to-face. The survey results are also used to continually refine the Manager's approach. In 2019, tenant satisfaction surveys were conducted in Keppel REIT's assets in Singapore and the results indicated high levels of tenant satisfaction.

The safety and well-being of employees is also a key priority of the Manager. An employee engagement survey was administered by an external consultant to measure the engagement levels of all Keppel Group employees. Employee engagement initiatives were then tailored and implemented with consideration of the results of the survey.

MATERIALITY ASSESSMENT

GRI 102-47

The key material ESG issues and indicators that were identified through a materiality assessment workshop to be most relevant to Keppel REIT and its key stakeholders form the backbone of Keppel REIT's ESG priorities, sustainability strategies and reporting framework. These issues reflect the priorities of key stakeholders and the potential for Keppel REIT's business to be impacted by these issues.

The Manager firmly believes that high ESG standards protect the long-term interests of Keppel REIT's stakeholders and are integral to the REIT's success. The Manager seeks to integrate ESG considerations into its business practices and strategies, where feasible.

EXTERNAL STANDARDS AND STRATEGIC MEMBERSHIPS

GRI 102-12 | 102-13

The Manager aligns itself with industry standards to guide its practices in environmental management and in enhancing the environmental performance of the REIT's properties.

The Manager is a wholly-owned subsidiary of Keppel Capital, which is a signatory of the United Nations Global Compact and is committed to the Compact's 10 universal principles, which include human rights, labour, environment and anti-corruption.

Keppel REIT's buildings have certifications such as the Leadership in Energy and Environmental Design (LEED) by the U.S. Green Building Council and the Green Mark Scheme by the BCA. All of the REIT's operational assets in Australia have been assessed under NABERS, a rating system designed to gauge a building's impact on the environment, and received 5 Stars NABERS Energy rating in 2019. Refer to page 65 for the list of awards and achievements.

Keppel REIT is a founding member of the REIT Association of Singapore (REITAS), an organisation that aims to collaboratively strengthen and promote the Singapore REIT industry through education, research and professional development. The Manager also supports initiatives by REITAS and SGX that drive and encourage investor education.

Through Keppel Capital, the Manager is also part of the Investor Relations Professional Association (Singapore) (IRPAS), which seeks to enhance investor engagement efforts and improve overall standards of relations between corporates and the investment community in Singapore.

The Keppel Group supports the Securities Investors Association (Singapore) (SIAS) in its efforts to empower the investment community through education.

MANAGING SUSTAINABILITY

COMMITMENT TO STAKEHOLDERS

GRI 102-40 | 102-42 | 102-43 | 102-44

The Manager gathers feedback from its key stakeholders through various ongoing engagements to enhance its ESG performance and refine related strategies. Key stakeholder groups were identified based on their ability to affect, or be affected by, Keppel REIT's operations and ESG performance.

The Manager addresses the issues that are most important to its stakeholders by communicating related performance metrics in sustainability reporting and its management approach. These issues are also integrated into strategic decision-making processes.

ENGAGEMENT WITH KEY STAKEHOLDER GROUPS

The Manager has identified the following groups of key stakeholders and engages them continually:

EMPLOYEES

Key Topics
Providing platforms for employees' personal and professional growth, encouraging sharing of ideas, building a culture of recognition and appreciation and enhancing careers through self-directed learning.

Modes of Engagement
Involvement in different employees' interest groups, dialogue sessions with senior leaders, employee engagement surveys, appreciation day, health and wellness month, quarterly townhall meetings, career day, leadership programmes and teambuilding activities.

Frequency of Engagement
Ongoing

TENANTS

Key Topics
Providing quality and safe work environments through the provision of energy-efficient, well-managed and high-quality buildings, as well as delivering positive tenant experiences.

Modes of Engagement
Meetings and feedback sessions, tenant engagement activities, tenant satisfaction surveys and newsletters.

Frequency of Engagement
Ongoing

REGULATORY AUTHORITIES

Key Topics
Adherence to rules and regulations, consultation on policies regarding the Singapore REIT sector and communication on industry/sector trends.

Modes of Engagement
Official visits and meetings, as well as formal letters.

Frequency of Engagement
Ongoing

BUSINESS PARTNERS

Key Topics
Compliance, commitment towards safety and health, as well as environmental responsibility.

Modes of Engagement
Dialogue sessions, regular meetings with business partners including external property managers, key subcontractors and suppliers, as well as networking events.

Frequency of Engagement
Ongoing

INVESTORS

Key Topics
Business strategy as well as timely updates on financial performance, business operations, industry developments and market outlook.

Modes of Engagement
Annual general meetings, media releases and SGX announcements, annual reports, post-results teleconferences and briefings, conference calls, meetings, non-deal roadshows, conferences and site visits.

Frequency of Engagement
Ongoing

LOCAL COMMUNITIES

Key Topics
Community engagement as well as sharing of industry insights and knowledge.

Modes of Engagement
Community outreach activities, promoting and organising community-related activities as well as participation in industry events and/or talks.

Frequency of Engagement
Ongoing

ENVIRONMENTAL STEWARDSHIP

THE MANAGER ADOPTS A PROACTIVE AND COMPREHENSIVE APPROACH IN MITIGATING THE ENVIRONMENTAL IMPACT OF ITS BUILDINGS.

CLIMATE ACTION

GRI 103-1 | 103-2 | 103-3

With sustainability at the core of its strategy in creating and enhancing long-term value for Unitholders, the Manager seeks to assess and mitigate emerging climate risks. The Manager adopts a proactive and comprehensive approach towards environmental management and is committed to minimising the environmental impact of its buildings. At the same time, the Manager continues to rally its tenants to reduce their carbon footprint. Initiatives to improve energy and GHG emission intensity levels include optimisation of energy consumption, adoption of clean energy technologies and the use of renewable energy sources.

Emissions[a]

GRI 305-1 | 305-2 | 305-4 | 305-5

The Manager seeks to reduce its GHG emissions. Gases tracked include carbon dioxide (CO_2), methane (CH_4) and nitrous oxide (N_2O), with totals expressed in units of tonnes of carbon dioxide equivalent (tCO_2e). GHG emissions were calculated based on the Greenhouse Gas Protocol Standards.

In 2019, Keppel REIT emitted a total of 18,161 tCO_2e GHG[b], comprising 1,132 tCO_2e of Scope 1[c] emissions and 17,029 tCO_2e of Scope 2[c] emissions. 2019's GHG emission level was 3.0% lower than 2018's level. Similarly, GHG emission intensity decreased to 0.054 tCO_2e/m^2 of gross floor area in 2019.

GHG EMISSION INTENSITY (tCO_2e/m^2)

2019	**0.054**
2018[a]	0.055

The Manager seeks to reduce GHG emissions through energy optimisation initiatives, as well as the use of renewable energy resources. For example, Ocean Financial Centre's electricity needs are partially met by solar energy harvested through its rooftop solar panels. In 2019, approximately 98,781 kWh of electricity was harvested at the property, reducing GHG emissions by about 43 tCO_2e[d]. 8 Exhibition Street is also partially powered by purchased green energy that helps to reduce Scope 2 emissions.

[a] The environmental data was annualised for 2019 (as set out in the "Reporting Period and Scope" section on page 59), as full year data was not available at the time of publication of this report. Environmental data for 2018 has been updated with full-year data.

[b] Conversion factors for GHG emissions were obtained from the relevant service providers and local authorities, such as the Australian Government's Department of Climate Change and Energy Efficiency.

[c] Scope 1 emissions, also known as direct emissions, are defined as emissions from sources that are owned or controlled by the reporting organisation, or emissions that physically occur in assets owned or controlled by the reporting organisation. Scope 2 emissions, also known as indirect emissions, are emissions from purchased electricity, heat, steam or cooling consumed by the reporting organisation, but generated elsewhere.

[d] 100 kWh of renewable energy harvested is equivalent to 0.432 tonne of carbon dioxide emission.

Ocean Financial Centre stands tall as an eco-icon in Singapore's central business district and has an assembly of solar panels spanning over 400 sm.

ENVIRONMENTAL STEWARDSHIP

ENVIRONMENTAL MANAGEMENT[a]

The Manager's environmental management approach focuses on maximising resource efficiency and minimising GHG emissions and waste generation.

The Manager has an established and comprehensive framework to assess Keppel REIT's performance against its identified material environmental metrics. In addition, the Manager aligns its environmental management strategies with standards such as ISO 14001:2015. All relevant legal and voluntary environmental policies are also reviewed on a regular basis. Employees are also encouraged to report any instances of non-compliance with environmental laws or regulations.

The Manager is responsible for developing a strategy to achieve its sustainability targets. This strategy is endorsed by the Board and progress towards these targets is regularly monitored by the Sustainability Committee. Initiatives are implemented, where relevant, as part of continual improvement.

Environmental Targets

Keppel REIT strives to achieve the following environmental targets, with 2010 as the base year:

- Reduce energy usage intensity by 30% by 2030;
- Reduce GHG emission intensity by 30% by 2030; and
- Reduce water usage intensity by 60% by 2030.

Keppel REIT is on track to achieving these reduction targets by 2030 through the implementation of energy optimisation measures, water conservation initiatives and sustainable building management practices. The Manager is also committed to manage waste responsibly.

Energy Consumption

GRI 103-1 | 103-2 | 103-3 | 302-1 | 302-3 | 302-4

Keppel REIT strives to optimise energy consumption at its buildings through the implementation of best practices in energy management, where feasible, such as through the adoption of energy-efficient technology and sustainable building design features.

Examples of energy consumption initiatives at certain assets include:

- Energy-efficient light-emitting diode (LED) lighting upgrades
- Enhancing energy data analysis to further optimise energy consumption
- Installation of rooftop weather station to track outdoor temperatures and automatic adjustment of air handling unit (AHU) temperature set points
- Shutting off AHU on vacant floors
- Replacing single AHU fan motor with multiple high-efficiency electronic commutator motor fans
- Developing Centralised Operations Centre with Internet-of-Things platform for data-driven energy performance improvements

The Manager also works with tenants to enhance environmental sustainability of Keppel REIT's buildings. Marina Bay Financial Centre Tower 3 achieved the Green Mark Pearl Award in 2019, testament to tenants' and landlord's efforts.

Total energy consumption in 2019 at Keppel REIT's properties was 41,382 MWh (148,975 GJ). This comprised energy used for electricity, district cooling, direct cooling and heating. Calculations were based on a detailed assessment of invoices. Fuel and chilled water consumption values were converted using standard conversion factors. Energy usage intensity (by gross floor area) was 0.119 MWh/m^2 in 2019, representing a 3.8% increase from 2018. The year-on-year increases in energy consumption and energy usage intensity were largely due to higher average temperature across 2019 and increased fit-out works.

Water Management

GRI 103-1 | 103-2 | 103-3 | 303-1 | CRE2

The Manager is committed to improving resource efficiency and reduce wastage. The Manager seeks to manage water consumption through initiatives such as the installation of water-efficient fittings and fixtures, in addition to advocating water conservation practices. Measures implemented at some of its properties in 2019 include the collection of water condensate for irrigation and facility cleaning, as well as the installation of a water leakage detector to detect and mitigate continual water discharge during leakages.

ENERGY USAGE INTENSITY (MWh/m^2)

2019	**0.119**
2018[a]	0.114

WATER USAGE INTENSITY (m^3/m^2)

2019	**0.561**
2018[a]	0.531

Total water consumption at Keppel REIT's properties was 203,814 m^3 in 2019. Water usage intensity was 0.561 m^3/m^2, representing an increase of 5.7% compared to 2018. All of Keppel REIT's assets utilise municipal water supplies and consumption is measured through direct metering.

The Manager will continue to work with property managers to improve the performance and efficiency of the chilled water system by regulating the flow rate of chilled water.

Waste Management

GRI 103-1 | 103-2 | 103-3 | 306-2

The Manager is committed to responsible waste management.

Recycling bins and electronic waste collection points are placed at Keppel REIT's properties.

[a] The environmental data was annualised for 2019 (as set out in the "Reporting Period and Scope" section on page 59) as full year data was not available at the time of publication of this report. Environmental data for 2018 has been updated with full-year data.

The Manager encourages tenants and visitors to do their part for environmental sustainability through campaigns such as "Ayer Ayer Project Table" (pictured).

Bioplastic sleeves for wet umbrellas have also been introduced at some properties to reduce plastic waste. To further raise awareness of responsible waste management, environmental awareness campaigns are also conducted regularly to encourage tenants to reduce, reuse and recycle waste.

In 2019, Keppel REIT properties generated 2,380 tonnes of non-hazardous waste (net of recycling). No hazardous waste was generated. Waste intensity in 2019 was 0.0059 tonne/m^2, lower as compared to 2018.

Environmental Compliance
GRI 103-1 | 103-2 | 103-3 | 307-1

Compliance with environmental laws and regulations is a fundamental aspect of Keppel REIT's corporate responsibilities. Environmental regulations are regularly reviewed by the Board and the relevant business procedures and policies are adapted where necessary. The Audit and Risk Committee supports the Board's oversight of regulatory compliance.

There were no incidences of non-compliance with environmental laws and regulations in 2019.

SUSTAINABILITY AWARDS
CRE8

	Award	Year
Keppel REIT	Global Real Estate Sustainability Benchmark (GRESB) 2019 – Green Star	2019
	ISS-oekom's ESG Corporate Rating – Prime Status	2019
Singapore		
Ocean Financial Centre	BCA Green Mark Platinum Award	2019
	Safety and Security Watch Group (SSWG) Outstanding Individual Award	2018
	BCA Green Mark Pearl Award	2016
	BCA Green Mark Office Interior – Gold^{PLUS} Award (Management Office)	2016
	PUB Water Efficient Building (Gold)	2015
	SS577 – Water Efficiency Management System (WEMS) Certification	2015
	ASEAN Energy Awards – Large Building	2015
	Skyrise Greenery Award – Excellence Award	2013
	US LEED Platinum Certification – Core and Shell	2009
Marina Bay Financial Centre (Towers 1 and 2)	BCA Green Mark Platinum Award	2020
	SSWG Outstanding Individual Award	2018
	BCA Green Mark Office Interior – Platinum Award (Management Office)	2017
	Safety and Health Award Recognition for Projects (SHARP) Award	2017
	PUB Water Efficient Building (Gold)	2015
	SS577 – WEMS Certification	2015
Marina Bay Financial Centre (Tower 3)	BCA Green Mark Platinum Award	2019
	BCA Green Mark Pearl Award	2019
	SSWG Outstanding Individual Award	2018
	SHARP Award	2018
	PUB Water Efficient Building (Gold)	2015
	SS577 – WEMS Certification	2015
One Raffles Quay	BCA Green Mark Platinum Award	2019
	BCA-Health Promotion Board Green Mark for Healthier Workplaces – Platinum Award (Management Office)	2019
	SSWG Outstanding Individual Award	2018
	SHARP Award	2018
	SS577 – WEMS Certification	2015
	PUB Water Efficient Building (Silver)	2014
Australia		
8 Chifley Square, Sydney	5 Stars NABERS Energy rating	2019
	GBCA 6 Star Green Star – Office As Built v2	2015
	GBCA 6 Star Green Star – Office Design v2	2012
8 Exhibition Street, Melbourne	5 Stars NABERS Energy rating	2019
275 George Street, Brisbane	5 Stars NABERS Energy rating	2019
	GBCA 3 Star Green Star – Performance v1.1	2017
	GBCA 5 Star Green Star – Office As Built v2	2010
	GBCA 5 Star Green Star – Office Design v2	2008
David Malcolm Justice Centre, Perth	5 Stars NABERS Energy rating	2019
	GBCA 6 Star Green Star – Performance v1.2	2018
	GBCA 5 Star Green Star – Office As Built v3	2017
	GBCA 5 Star Green Star – Office Design v3	2013

RESPONSIBLE BUSINESS

THE MANAGER IS COMMITTED TO CONDUCT ITS OPERATIONS SAFELY AND RESPONSIBLY.

ECONOMIC SUSTAINABILITY

GRI 103-1 | 103-2 | 103-3 | 201-1 | 201-4

The Manager is committed to delivering stable and sustainable distributions to Unitholders, as well as achieving long-term growth. It seeks to achieve this through its portfolio optimisation strategy and is focused on driving operational excellence in its asset and capital management efforts.

The Manager considers management of ESG issues in its business operations due to their longer term impact on the environment, community, and Keppel REIT's financial performance. As such, material ESG issues are managed both as CSR imperatives as well as financially material risks and opportunities.

More information on Keppel REIT's strategic direction and financial performance can be found on pages 3 and 6 of the Annual Report. Details to the Manager's ESG management approach are available in this sustainability report.

Keppel REIT did not receive any grants from the Singapore and Australian governments in 2019.

CORPORATE GOVERNANCE AND RISK MANAGEMENT

GRI 102-11 | 102-16

Strong corporate governance and robust risk management are key to the REIT's long-term success and value-creation. The majority of the Directors on the Board are independent, which ensures fair consideration of its key stakeholder groups' interests in business decisions.

The Manager is committed to the timely disclosure of accurate and material information. It also regularly engages with the investment community to gather feedback.

The Manager adopts and aligns itself with the policies and practices outlined in the Code of Corporate Governance (the Code), issued by the MAS. The Code provides a framework for enforcing controls, checks and accountability. The Code also requires that the Manager considers ESG issues when making strategic business decisions and implementing governance measures.

More information on Keppel REIT's corporate governance guidelines and practices can be found on pages 143 to 165.

As part of Keppel REIT's System of Management Controls, the Manager implements a comprehensive and dynamic Enterprise Risk Management framework that enables Keppel REIT to adapt to emerging ESG risks and an ever-evolving business landscape. The Manager continually reviews its operations so as to mitigate potential risks and capitalise on new opportunities.

The Manager is committed to reducing the environmental impact of its operations and has included environmental and social aspects in its robust risk management processes.

More information on Keppel REIT's risk management strategy can be found on pages 166 and 167.

1 The Manager conducts its business in a responsible manner and ensures fair consideration of its key stakeholder groups' interests in business decisions.

2 The Manager is focused on driving operational excellence in its asset and capital management efforts.

Compliance, Anti-Bribery and Anti-Corruption Measures
GRI 103-1 | 103-2 | 103-3 | 205-2 | 205-3 | 206-1

The Manager has zero tolerance for corruption, bribery, fraud and other forms of unethical behaviour. Anti-corruption best practices are adopted as part of the Manager's commitment to business ethics, as well as the United Nations Global Compact's Principles (Principle 10: Measures Against Corruption).

All of the Manager's employees must adhere to the Keppel Group Code of Conduct, which aims to establish and reinforce the highest standards of integrity and ethical business practices. The Keppel Group Code of Conduct has a strong focus on anti-corruption and has defined ethical business standards for conflicts of interests, the offering and receiving of gifts, as well as hospitality and promotional expenditures. All employees are required to declare potential conflicts of interest and avoid any conflict in their dealings with suppliers, customers and other third parties.

The Manager has adopted measures to prevent corruption and unethical behaviour. These include:

- Outlining the responsibilities of all employees to uphold anti-corruption and anti-bribery principles;
- Informing and guiding employees on how to pre-emptively identify and avoid instances of corruption; and
- Implementing policies that outline standards of conduct expected of the Manager and agents acting on behalf of the Manager.

In 2019, all of the Manager's employees received mandatory communication and training on anti-corruption policies and procedures.

The Manager adheres to guidelines as set out in the Keppel Group Competition Law Compliance Manual, which aims to ensure that its employees do not engage in any anti-competitive behaviour in the conduct of its business.

There was no violation or non-compliance of any anti-corruption, anti-bribery, anti-competitive or anti-trust policies in 2019.

RESPONSIBLE BUSINESS

The Manager implements a comprehensive and dynamic Enterprise Risk Management framework that enables Keppel REIT to adapt to emerging risks as well as an ever-evolving business landscape.

SUPPLY CHAIN AND RESPONSIBLE PROCUREMENT

GRI 102-9

The Manager adheres to the Keppel Group Supplier Code of Conduct and encourages the adoption of Keppel's sustainability principles throughout the supply chain. The Keppel Group Supplier Code of Conduct outlines standards regarding environmental management, business conduct, labour, as well as health and safety practices of its suppliers. All of the Manager's major suppliers (providing products and services valued at $200,000 or more in a calendar year) are expected to adhere to the Keppel Group Supplier Code of Conduct.

The Manager encourages responsible business practices, good governance and strong ESG performance throughout its supply chain. Keppel REIT's supply chain consists of service providers and suppliers such as building consultants, electricity retailers, building material suppliers and contractors in the fields of maintenance and repair including landscaping, horticulture, security, cleaning, pest control, waste disposal and recycling.

Apart from working with service providers and suppliers that are ISO 14001- and bizSAFE-certified, the Manager collaborates with tenants on ESG initiatives.

The Manager implements a sustainable procurement policy that encourages suppliers to use environmentally-friendly products when they perform their contractual duties at Keppel REIT properties. When procuring and using new products, products with the Singapore Green Label are preferred.

PRODUCT QUALITY AND SAFETY

GRI 103-1 | 103-2 | 103-3 | 416-2 | 417-3 | 418-1

Customer Health and Safety

The Manager is committed to providing a safe and healthy work environment for its building occupants. The Manager has a process in place to assess potential health and safety issues during the selection, acquisition and operation of its buildings. This process is designed to avoid potential hazards and identify opportunities for improvement of the Manager's portfolio as well as throughout building life cycles.

In addition, the Manager ensures that all its marketing and communications materials convey accurate information necessary for stakeholders to stay abreast of all relevant business developments and strategies.

The Manager is not aware of any violation of laws, regulations and voluntary codes concerning the provision, use and customer health and safety impact of its products and services in the reporting period.

There were also no incidents of non-compliance with regulations and voluntary codes concerning marketing communications, nor any substantiated complaints concerning breaches of customer privacy and losses of customer data in the reporting period.

PEOPLE AND COMMUNITY

THE MANAGER INVESTS IN THE DEVELOPMENT OF ITS EMPLOYEES AND SEEKS TO CONTRIBUTE POSITIVELY TO LOCAL COMMUNITIES.

The Manager believes that people are the most crucial drivers for the continued success of Keppel REIT. Their well-being, safety and professional development are important priorities for the Manager.

The Manager is committed to building its talent pool and continually invests in training and development, as well as staff welfare. This is accomplished through focusing on five key areas:

1. Making a difference: Providing platforms for employees to meaningfully contribute in their own capacities;
2. Having a voice: Encouraging the sharing of ideas for improvement;
3. Feeling valued: Building a culture of recognition and appreciation;
4. Growing a career: Enhancing career development through self-directed learning; and
5. Inspiring to grow: Inspiring others through leading by example.

LABOUR PRACTICES, TALENT MANAGEMENT AND HUMAN RIGHTS

Profile of Employees

GRI 102-7 | 102-8 | 103-1 | 103-2 | 103-3 | 401-1

As at end 2019, the workforce stood at 21 full-time permanent employees, comprising 16 females and five males. All of the Manager's employees were hired locally and based in the Singapore headquarters. More information on the Manager's Board of Directors and management team is available on pages 14 to 18.

During 2019, 19 secondees (15 females and four males) joined the Manager, of which 14 were between 30 and 50 years old and five were under 30 years old. The increase in headcount during the year was due to the secondment of dedicated headcounts for investment, asset management and finance functions directly under the Manager. The Manager continues to be supported by Keppel Capital's workforce in functions such as investor relations, risk and compliance, human resources, information technology, as well as legal and corporate secretarial services.

Three employees left during the year due to the completion of secondment, internal transfer to another business entity within the Keppel Group and voluntary resignation. The three employees who left comprised two females and one male. One was over 50 years old and two were between 30 and 50 years old.

Diversity and Inclusion

GRI 102-41 | 103-1 | 103-2 | 103-3 | 405-1 | 406-1

The Manager believes that diversity in the workforce helps drive value and innovation. It fosters a harmonious and inclusive workplace and has zero tolerance for discrimination on any basis.

Recruitment and employee development practices are merit-based. Potential employees are evaluated based on the skills and competencies required for specific job roles. The Manager's hiring policies ensure that equal opportunities are available to all applicants regardless of race, gender, religion, marital status or age. As of end 2019, 76% of the workforce were female.

To demonstrate its commitment to non-discrimination and equal opportunities, the Manager adheres to the Tripartite Guidelines on Fair Employment Practices and strives to uphold the Employers' Pledge of Fair Employment Practices, which is guided by the following five principles:

1. Recruit and select employees on the basis of merit (such as skills, experience or ability to perform the job), and regardless of age, race, gender, religion, marital status and family responsibilities, or disability;
2. Treat employees fairly and with respect, as well as implement progressive human resources management systems;
3. Provide employees with equal opportunities to be considered for training and development based on their strengths and needs in order to help them achieve their full potential;
4. Reward employees fairly based on their ability, performance, contribution and experience; and
5. Abide by labour laws and adopt the Tripartite Guidelines on Fair Employment Practices.

Human rights and anti-discrimination principles are further reinforced by the Keppel Group Code of Conduct that outlines rules of conduct which apply to all employees. The Corporate Statement on Human Rights and the Keppel Group Statement on Diversity and Inclusion express the Keppel Group and the Manager's united stance to promote human rights, diversity, and inclusion. These statements are available on Keppel Corporation's corporate website.

There were no incidents of discrimination raised by the Manager's employees in 2019. None of the employees are currently covered under any collective bargaining agreements.

PEOPLE AND COMMUNITY

Provision of Benefits
GRI 401-2

All employees receive competitive compensation and are offered comprehensive benefits packages. These benefits include health insurance plans, parental, medical and annual leave entitlements, as well as contributions to employees' Central Provident Fund.

The Manager complies with all legal regulations regarding employment terms and benefits.

Performance Management
GRI 103-1 | 103-2 | 103-3 | 404-3

The Manager fosters a culture of high-performance through its pay-for-performance philosophy that rewards good performance with financial incentives. This merit-based approach motivates employees to achieve individual and collective goals to create value for the organisation.

The robust performance management framework comprises regular performance reviews and platforms for two-way communication and supports the Manager in planning employees' career development. In 2019, all of the Manager's employees received annual performance and career development reviews. These reviews allow employees and their supervisors to establish goals and targets based on four key areas of financial, process, customers and stakeholders, as well as people. Employee potential is further optimised with prospects of advancement, training, promotion, recognition of achievements and compensation.

Succession Planning and Talent Management

Succession planning and talent management are instrumental to Keppel REIT's continued success.

The talent management framework seeks to develop talented and high-potential employees to strengthen and safeguard business continuity. This framework is reviewed biannually to ensure that future leaders are identified and equipped with the necessary professional and personal skills to take on greater leadership responsibilities. The Manager's succession plans are reviewed by the Board on an annual basis.

The Manager's talent management initiatives are further supported by Keppel Group's centralised talent management unit, which drives leadership and executive development programmes, as well as coordinates talent management information across all business units. The Manager is able to tap the resources and data of this centralised platform to optimise its human resource management.

The Manager also utilises centralised platforms such as the Keppel Young Leaders and Advanced Leaders programmes, which help to identify and develop high-potential employees across all business units within the Keppel Group. Keppel Young Leaders are engaged through various symposiums, case studies and strategic reviews designed to prepare them for elevated responsibilities. The Keppel Young Leaders also have the opportunity to engage senior management for mentoring and guidance.

At the same time, the Keppel Leadership Institute, which was launched in 2015, exemplifies the Group's commitment to develop future leaders to take on new leadership responsibilities, tackle emerging business challenges and capitalise on the opportunities of the future.

Centralised programmes are supplemented with various opportunities, such as networking events that foster collaboration, communication and knowledge transfer among the various business units.

Employee Engagement

The Manager believes that employee engagement is key to gaining feedback, which can be used to plan and implement effective ways to motivate staff and enable them for success. The Manager's employee engagement strategy is based on several mechanisms of two-way communication and feedback. To evaluate the efficacy of the Manager's employee engagement initiatives, the Keppel Group 2019 Employee Engagement Survey was administered by an external consultant to measure engagement levels of all employees. The survey results indicated high levels of engagement and satisfaction among the employees and provided insights for the Manager to implement new initiatives or improve existing ones.

An Appreciation Day was held in August 2019, during which senior management from Keppel Capital served food to employees as a gesture of appreciation for their hard work. "Thank you" cards were also exchanged between employees. A digital platform – K'Kudos – was also launched in July 2019 to enable employees to show their appreciation for those who have gone the extra mile to make a difference.

Training and Development
GRI 103-1 | 103-2 | 103-3 | 404-1

Regular training drives both individual competencies, as well as the collective capacity of Keppel REIT to achieve success. Employees are provided with training and development opportunities that enable them to stay ahead of industry trends, gain essential knowledge and develop the skills they need to advance their careers while creating value within the REIT. In 2019, the Manager's employees received an average of 33.5 hours of training.

The Manager customises its training programmes to each employee's specific needs, potential, career stage, as well as the needs of the REIT.

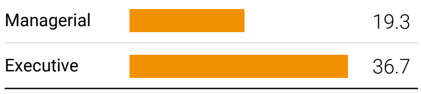
To ensure employees remain competitive amid a changing landscape, leadership programmes are organised to develop employees' strategic thinking and decision-making skills. The Advanced Leaders Programme, which was designed in conjunction with INSEAD, is an example of such programmes. There is also a residential leadership programme, designed in collaboration with the Nanyang Technological University, which also aims to equip emerging leaders with the competencies to transition from operational leadership to strategic leadership.

Newly appointed managers are enrolled in People Manager Essentials training. This programme helps them examine leadership within their own teams and provide frameworks for them to evaluate their performance. The sessions then segue into specific tactics to close these gaps, such as giving and receiving performance feedback.

To encourage employees to take ownership of their own learning and career development, Keppel Capital organised its inaugural Career Day in June 2019. Employees learnt how to plan their careers and initiate conversations on their career goals. They also gained a deeper understanding of their individual working styles and were introduced to various learning courses.

TRAINING HOURS PER EMPLOYEE BY GENDER

TRAINING HOURS PER EMPLOYEE BY EMPLOYEE CATEGORY



OCCUPATIONAL HEALTH AND SAFETY

Safety Management and Performance Management

GRI 103-1 | 103-2 | 103-3 | 403-2

Safety is a core value at Keppel. The Manager's approach to safety management is to create a culture of safety among its employees and provide a safe environment for all its stakeholders.

Keppel REIT adopts the Keppel Zero Fatality Strategy, which outlines actionable measures to prevent workplace fatalities through five strategic thrusts, namely, building a high-performance safety culture, adopting a proactive approach to safety management, leveraging technology to mitigate safety risks, harmonising global safety practices and competency, as well as streamlining learning from incidents.

All Keppel staff are required to adhere to Keppel safety policies and procedures, which are communicated on a regular basis. Employees are also encouraged to report any safety issues they come across in order to prevent or mitigate safety incidents and improve procedures.

Health and safety audits are performed at all Keppel REIT properties annually to ensure the implementation of industry best practices and that the buildings are in compliance with all relevant regulations. The Manager then promptly addresses any identified health and safety issues and, when necessary, corrective action is taken and procedures are strengthened.

To prepare staff and building occupants for potential emergencies, safety exercises such as evacuation drills are conducted across all Singapore properties twice a year. At the Australian properties, external accredited trainers provide emergency training to onsite fire wardens at least twice a year. The Manager also conducts drills for various scenarios designed to protect operational continuity, such as pandemic drills, security lockdowns and other simulated emergencies.

Raffles Quay Asset Management (the property manager for Marina Bay Financial Centre and One Raffles Quay) and Keppel REIT Property Management (the property manager for Ocean Financial Centre) have both attained bizSAFE Partner and bizSAFE Star certifications for the 5th consecutive year. These achievements are testament to Keppel REIT's commitment to upholding workplace health and safety.

The safety team under Raffles Quay Asset Management has successfully migrated the health and safety management systems of Marina Bay Financial Centre and One Raffles Quay from OHSAS 18001 to ISO 45001 with zero non-conformance.

In 2019, the Manager achieved zero fatalities as well as zero health and safety incidents across all of Keppel REIT's properties. There were also no instances of non-compliance with health and safety regulations by the Manager or the property managers.

Health and Wellness

The Manager believes that employees' health and wellness lead to increased organisational productivity.

Group-wide activities such as the Keppel Games promote a healthy lifestyle, while fostering teamwork and bonding among the various business units.

To protect the health and well-being of building occupants, Keppel REIT's facilities operate with high levels of Indoor Air Quality (IAQ). In addition to installing an IAQ management system at its Singapore headquarters, the Manager has also provided employees with ergonomic chairs as well as Green Label-certified furniture and fittings. The open and agile design of the Singapore headquarters enhances productivity and encourages greater collaboration through features such as relaxation zones, purpose-built booths and a bistro-style cafe.

In addition, events and roadshows were held at the various properties to raise awareness on health and fitness. For example, fitness activities were organised in collaboration with the Health Promotion Board to promote healthy living among employees. In addition, the façade of Ocean Financial Centre was lit up in support of World Cancer Day and World Heart Day.

Apart from providing employees with access to regular health screenings and stocking the pantries with healthy snacks and fruits, a series of activities were held during the Health & Wellness Month in October 2019 to further promote health and wellness among employees. These included a series of talks on health and mental wellness, as well as a health and wellness festival where booths selling a wide variety of healthy snacks, fruits and other health-related products were set up.

Stakeholder Engagement

The Manager believes that regular stakeholder engagement can prevent workplace health and safety incidents from occurring. The Manager encourages learning and sharing of workplace health and safety matters through various platforms including the annual Keppel Group Safety Convention, regular safety-related publications and an e-safety portal. These platforms also serve to encourage innovation and improve safety management initiatives and procedures.

In addition, the Manager promotes a strong culture of workplace health and safety based on personal and collective responsibility. This culture is reinforced through regular communications with employees to update them on safety policies, action plans and incident reporting framework.

PEOPLE AND COMMUNITY

To raise safety awareness, posters are also placed in Keppel REIT's properties to promote safe work practices. Health-focused talks were also organised for employees to share experiences and tips.

COMMUNITY DEVELOPMENT

GRI 103-1 | 103-2 | 103-3 | 413-1

The Manager supports initiatives that contribute positively to and enrich the local communities. Initiatives include employee volunteerism, as well as investor and tenant engagements.

The Manager engages with the Singapore REIT investment community to raise awareness of and promote the growth of the Singapore REIT industry.

Apart from incorporating green features within building design and management, eco-roadshows were organised to share resource conservation practices with tenants and inculcate a green mindset in efforts to optimise the environmental performance of Keppel REIT's properties.

Engaging Tenants

Each year, the Manager engages tenants through various events and corporate social responsibility initiatives to raise awareness of important issues, as well as to foster togetherness among tenants and other community stakeholders.

Examples of tenant engagement activities conducted in 2019 include:

- The Healthy Workplace Ecosystem initiative conducted in collaboration with the Health Promotion Board to promote healthy living;
- Events held in conjunction with festive holidays at the lobbies of Keppel REIT's properties to encourage building occupants to celebrate as a community;
- Rallying of tenants to contribute towards the "Christmas Grant-A-Wish Project", which seeks to fulfill the Christmas wishes of beneficiaries from Care Corner Student Care Centre and Muscular Dystrophy Association of Singapore (MDAS); and
- Annual Keppel REIT and Ocean Financial Centre Golf Tournament to deepen relationships.

Caring for the Environment

On 30 March 2019, Keppel REIT's properties in Singapore and Australia marked Earth Hour by switching off all non-essential lighting for an hour. To raise awareness of plastic pollution, the Manager, together with Keppel Land, organised the "Ayer Ayer Project Table" display, an interactive microplastics artwork made from Singapore's shore debris.

To encourage water-saving habits and reduce wastage, eco-roadshows were held in collaboration with PUB, while recycling and electronic waste collection points were also set up at Keppel REIT's office buildings in Singapore and Australia. In addition, tenants at 275 George Street participated in International E-Waste Day through coordinated collection of electronic waste items for proper disposal or recycling.

Marina Bay Financial Centre, Ocean Financial Centre and One Raffles Quay also participated in the i Light Singapore 2019 Bicentennial Edition, which involved a showcase of light art installations to create greater awareness of the importance of sustainability in the urban environment through recycling and the use of energy-efficient lighting technology.

Uplifting the Less-Privileged

As part of its efforts to have a positive impact on the community, the Manager, together with Keppel Capital, dedicated about 1,380 hours to community outreach activities in 2019. These included engaging beneficiaries from MDAS, the adopted charity of Keppel Capital, as well as organising activities for less-privileged youths and seniors.

Workshops conducted with MDAS included making coffee art on canvas, clay-making and prata-flipping, where volunteers and beneficiaries bonded over the engaging activities.

In August 2019, volunteers from Keppel Capital hosted about 50 seniors from Thye Hua Kwan Senior Services at Taman Jurong for an afternoon of urban gardening, lunch and games. In October 2019, volunteers from Keppel Capital and Keppel Telecommunications & Transportation spent Children's Day bowling with about 60 children from New Life Children and Student Care Centre, a before-and-after-school centre for children from low-income families.

The Manager also supported the Purple Parade 2019, Singapore's largest movement to support inclusion and celebrate the abilities of persons with special needs, by lighting up Ocean Financial Centre's façade in purple from 26 October to 10 November 2019.

In 2019, the Manager contributed $55,000 to the Keppel Care Foundation to support the Keppel Group's various philanthropic initiatives.

The Manager seeks to uplift the lives of the less-privileged through regular engagement activities.

GRI CONTENT INDEX

GRI Standard	Disclosure Number	General Standard Disclosures	Page Reference
GRI 101: Foundation 2016			
		Organisational Profile	
GRI 102: General Disclosures 2016	102-1	Name of the organisation	3
	102-2	Activities, brands, products, and services	3, 33 to 48
	102-3	Location of headquarters	Back Cover
	102-4	Location of operations	3 to 5, 38 to 39
	102-5	Ownership and legal form	3, 12 to 13
	102-6	Markets served	4 to 5, 23 to 32, 38 to 39
	102-7	Scale of the organisation	2 to 7, 69
	102-8	Information on employees and other workers	69
	102-9	Supply chain	68
	102-10	Significant changes to organisation and its supply chain	8 to 11, 19
	102-11	Precautionary Principle or approach	61, 66, 166 to 167
	102-12	External initiatives	58, 60 to 61, 65
	102-13	Membership of associations	61
		Strategy	
	102-14	Statement from senior decision-maker	8 to 11, 58
		Ethics and Integrity	
	102-16	Values, principles, standards, and norms of behaviour	Inside Front Cover, 57, 60, 66 to 67, 143 to 165
		Governance	
	102-18	Governance structure	12 to 13, 60 to 61
		Stakeholder Engagement	
	102-40	List of stakeholder groups	62
	102-41	Collective bargaining agreements	69
	102-42	Identifying and selecting stakeholders	62
	102-43	Approach to stakeholder engagement	62
	102-44	Key topics and concerns raised	62
		Reporting Practice	
	102-45	Entities included in the consolidated financial statements	108 to 113
	102-46	Defining report content and topic Boundaries	59 to 61
	102-47	List of material topics	61
	102-48	Restatements of information	2018 environmental data in SR2018 was annualised. They have been updated to full year figures in this report.
	102-49	Changes in reporting	No changes.
	102-50	Reporting period	59
	102-51	Date of most recent report	The 2018 sustainability report was published in April 2019.
	102-52	Reporting cycle	59
	102-53	Contact point for questions regarding the report	59
	102-54	Claims of reporting in accordance with the GRI Standards	59
	102-55	GRI content index	73 to 76
	102-56	External assurance	This report has not been externally assured.

GRI CONTENT INDEX

GRI Standard	Disclosure Number	General Standard Disclosures	Page Reference
		CATEGORY: ECONOMIC	
		Economic Performance	
GRI 201: Economic Performance 2016	103-1	Explanation of the material topic and its Boundary	2 to 11, 61, 66
	103-2	The management approach and its components	2 to 11, 60, 66
	103-3	Evaluation of the management approach	8 to 11, 49 to 56, 66
	201-1	Direct economic value generated and distributed	6 to 7, 49 to 56, 72, 83 to 142
	201-3	Defined benefit plan obligations and other retirement plans	All employees are covered by Singapore's mandatory "Central Provident Fund (CPF)" system. Typically 20% and 17% of the salary is contributed by the employee and employer respectively.
	201-4	Financial assistance received from government	66
		Anti-Corruption	
GRI 205: Anti-Corruption 2016	103-1	Explanation of the material topic and its Boundary	59, 61, 67
	103-2	The management approach and its components	60, 67, 156
	103-3	Evaluation of the management approach	67, 156, 166 to 167
	205-2	Communication and training about anti-corruption policies and procedures	67
	205-3	Confirmed incidents of corruption and actions taken	67
		Anti-Competitive Behaviour	
GRI 206: Anti-Competitive Behaviour 2016	103-1	Explanation of the material topic and its Boundary	59, 61, 67
	103-2	The management approach and its components	60, 67
	103-3	Evaluation of the management approach	166 to 167
	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	67
		CATEGORY: ENVIRONMENTAL	
		Energy	
GRI 302: Energy 2016	103-1	Explanation of the material topic and its Boundary	59, 61, 64
	103-2	The management approach and its components	60 to 61, 64 to 65
	103-3	Evaluation of the management approach	64 to 65
	302-1	Energy consumption within the organisation	64
	302-3	Energy intensity	64
	302-4	Reduction of energy consumption	64
		Water	
GRI 303: Water 2016	103-1	Explanation of the material topic and its Boundary	59, 61, 64
	103-2	The management approach and its components	60, 64 to 65
	103-3	Evaluation of the management approach	64 to 65
	303-1	Water withdrawal by source	64
	CRE2	Building water intensity	64
		Emissions	
GRI 305: Emissions 2016	103-1	Explanation of the material topic and its Boundary	59, 61, 63
	103-2	The management approach and its components	60, 63 to 65
	103-3	Evaluation of the management approach	63 to 65
	305-1	Direct (Scope 1) GHG emissions	63
	305-2	Energy indirect (Scope 2) GHG emissions	63
	305-4	GHG emissions intensity	63
	305-5	Reduction of GHG emissions	63

GRI Standard	Disclosure Number	General Standard Disclosures	Page Reference
		Waste and Effluents	
GRI 306: Waste and Effluents 2016	103-1	Explanation of the material topic and its Boundary	59, 61, 64
	103-2	The management approach and its components	60, 64 to 65
	103-3	Evaluation of the management approach	64 to 65
	306-2	Waste by type and disposal method	64 to 65
		Environmental Compliance	
GRI 307: Environmental Compliance 2016	103-1	Explanation of the material topic and its Boundary	59, 61, 65
	103-2	The management approach and its components	60, 65
	103-3	Evaluation of the management approach	65
	307-1	Non-compliance with environmental laws and regulations	65
		CATEGORY: SOCIAL	
		Employment	
GRI 401: Employment 2016	103-1	Explanation of the material topic and its Boundary	59, 61, 69
	103-2	The management approach and its components	60 to 61, 69 to 71
	103-3	Evaluation of the management approach	69 to 71
	401-1	New employee hires and employee turnover	69
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operations	Not applicable. There are no temporary or part-time employees.
		Occupational Health and Safety	
GRI 403: Occupational Health and Safety 2016	103-1	Explanation of the material topic and its Boundary	59, 61, 70 to 72
	103-2	The management approach and its components	60 to 61, 70 to 72
	103-3	Evaluation of the management approach	70 to 72
	403-2	Types of injury and rates of injury, occupational diseases, lost days and absenteeism and number of work related fatalities	71
		Training and Education	
GRI 404: Training and Education 2016	103-1	Explanation of the material topic and its Boundary	59, 61, 70
	103-2	The management approach and its components	60 to 61, 70
	103-3	Evaluation of the management approach	70
	404-1	Average hours of training per year per employee	70
	404-3	Percentage of employees receiving regular performance and career development reviews	70
		Diversity and Equal Opportunity	
GRI 405: Diversity and Equal Opportunity 2016	103-1	Explanation of the material topic and its Boundary	59, 61, 69
	103-2	The management approach and its components	60 to 61, 69
	103-3	Evaluation of the management approach	69
	405-1	Diversity of governance bodies and employees	14 to 18 , 69
		Non-Discrimination	
GRI 406: Non-Discrimination 2016	103-1	Explanation of the material topic and its Boundary	59, 61, 69
	103-2	The management approach and its components	60 to 61, 69
	103-3	Evaluation of the management approach	69
	406-1	Incidents of discrimination and corrective actions taken	69
		Local Communities	
GRI 413: Local Communities 2016	103-1	Explanation of the material topic and its Boundary	59, 61, 72
	103-2	The management approach and its components	60 to 61, 72
	103-3	Evaluation of the management approach	72
	413-1	Operations with local community engagement, impact assessments, and development programmes	72
	413-2	Operations with significant actual and potential negative impacts on local communities	None of our operations have had negative impacts on local communities in the reporting period.

GRI CONTENT INDEX

GRI Standard	Disclosure Number	General Standard Disclosures	Page Reference
		Customer Health and Safety	
GRI 416: Customer Health and Safety 2016	103-1	Explanation of the material topic and its Boundary	59, 61, 68
	103-2	The management approach and its components	60 to 61, 68
	103-3	Evaluation of the management approach	68
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	68
		Marketing and Labelling	
GRI 417: Marketing and Labelling 2016	103-1	Explanation of the material topic and its Boundary	59, 61, 68
	103-2	The management approach and its components	60 to 61, 68
	103-3	Evaluation of the management approach	68
	CRE8	Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment	61, 65
	417-3	Incidents of non-compliance concerning marketing communications	68
		Customer Privacy	
GRI 418: Customer Privacy 2016	103-1	Explanation of the material topic and its Boundary	59, 60, 68
	103-2	The management approach and its components	60 to 61, 68
	103-3	Evaluation of the management approach	68
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	68

REPORT OF THE TRUSTEE

For the financial year ended 31 December 2019

RBC Investor Services Trust Singapore Limited (the "Trustee") is under a duty to take into custody and hold the assets of Keppel REIT and its subsidiaries in trust for the holders of units ("Unitholders") in Keppel REIT. In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of Keppel REIT Management Limited (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 28 November 2005 (as amended) (the "Trust Deed") between the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed Keppel REIT and its subsidiaries during the period covered by these financial statements, set out on pages 83 to 142 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
RBC Investor Services Trust Singapore Limited

Hoi Sau Kheng
Director

Farrah Begum Binte Abdul Salam
Senior Manager

Singapore, 19 February 2020

STATEMENT BY THE MANAGER

For the financial year ended 31 December 2019

In the opinion of the Directors of Keppel REIT Management Limited (the “Manager”), the accompanying financial statements set out on pages 83 to 142 comprising the Balance Sheets, Consolidated Statement of Profit or Loss, Consolidated Statement of Comprehensive Income, Distribution Statement, Portfolio Statement, Statements of Movements in Unitholders’ Funds, Consolidated Statement of Cash Flows and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial positions of the Group and the Trust as at 31 December 2019, the profit or loss and other comprehensive income, distributable income, movements in Unitholders’ funds and cash flows of the Group and the movements in Unitholders’ funds of the Trust for the year ended on that date in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)”) and applicable requirements of the Code on Collective Investment Schemes relating to financial reporting. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust would be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager,
Keppel REIT Management Limited

Christina Tan
Director

Singapore, 19 February 2020

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF KEPPEL REIT

For the financial year ended 31 December 2019

Our opinion

In our opinion, the accompanying consolidated financial statements of Keppel REIT (the "Trust") and its subsidiaries (the "Group") and the balance sheet and statement of movements in unitholders' funds of the Trust are properly drawn up in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") and applicable requirements of the Code on Collective Investment Schemes relating to financial reporting (the "CIS Code") so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Trust and the consolidated portfolio statement of the Group as at 31 December 2019 and the consolidated financial performance of the Group, the consolidated amount distributable of the Group, the consolidated movements in unitholders' funds of the Group and movements in unitholders' funds of the Trust, and the consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Group and Trust comprise:

- the balance sheets of the Group and the Trust as at 31 December 2019;
- the consolidated statement of profit or loss of the Group for the financial year ended 31 December 2019;
- the consolidated statement of comprehensive income of the Group for the financial year ended 31 December 2019;
- the distribution statement of the Group for the financial year then ended;
- the portfolio statement of the Group as at 31 December 2019;
- the statements of movements in unitholders' funds of the Group and the Trust for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties	
Refer to *Note 3 (Investment properties)* The Group owns a portfolio of investment properties stated at their fair values based on independent external valuations. Information relating to these investment properties are disclosed in Note 3 to the financial statements. As at 31 December 2019, the carrying value of the Group's investment properties of $3.7 billion accounted for about 50.1% of the Group's total assets. The valuation of the investment properties was a key audit matter due to the significant judgement in the key inputs used in the valuation techniques. These key inputs include capitalisation rates and discount rates and are dependent on the nature of each investment property and the prevailing market conditions.	Our audit procedures included the following: • assessed the competence, capabilities and objectivity of the external valuers engaged by the Group; • obtained an understanding of the techniques used by the external valuers in determining the valuations of individual investment properties; • discussed the significant judgements made by the external valuers for the key inputs used in valuation in the valuation techniques; • tested the integrity of information, including underlying lease and financial information provided to the external valuers; and • assessed the reasonableness of the capitalisation rates and discount rates by benchmarking these against those of comparable properties and prior year inputs.

Key Audit Matter	How our audit addressed the Key Audit Matter
The key inputs are disclosed in Note 32(d) to the accompanying financial statements.	We have also assessed the adequacy of disclosures relating to the assumptions, as we consider them as likely to be significant to the users of the financial statements given the estimation uncertainty and sensitivity of the valuations. We found the external valuers to be members of recognised bodies for professional valuers. We also found that the valuation techniques used were appropriate in the context of the Group's investment properties and the critical assumptions used for the key inputs were within the range of market data.

Other Information

The Manager is responsible for the other information. The other information comprises the information included in the Report of the Trustee, and Statement by the Manager (but does not include the financial statements and our auditor's report thereon) which we obtained prior to the date of this auditor's report, and other sections of the Trust's annual report ("Other Sections"), which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with SFRS(I) and applicable requirements of the CIS Code, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Group or to cease the Group's operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF KEPPEL REIT

For the financial year ended 31 December 2019

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yeow Chee Keong.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 19 February 2020

BALANCE SHEETS

As at 31 December 2019

	Note	Group		Trust	
		2019 $'000	2018 $'000	2019 $'000	2018 $'000
Non-current assets					
Investment properties	3	**3,730,320**	3,879,956	**–**	515,000
Investments in subsidiaries	4	**–**	–	**1,473,781**	1,473,781
Investments in associates	5	**2,520,669**	2,538,663	**2,023,195**	2,025,135
Advances to associates	8	**618,145**	615,622	**618,145**	615,622
Investments in joint ventures	6	**437,833**	471,691	**–**	–
Amounts owing by subsidiaries	7	**–**	–	**1,148,157**	955,086
Fixed assets		**79**	112	**–**	30
Intangible asset	9	**–**	2,549	**–**	2,549
Derivative financial instruments	13	**–**	1,329	**–**	692
		7,307,046	7,509,922	**5,263,278**	5,587,895
Current assets					
Trade and other receivables	10	**16,160**	15,056	**21,297**	11,269
Prepaid expenses		**262**	343	**8**	12
Cash and bank balances	11	**124,841**	258,924	**65,297**	231,455
Derivative financial instruments	13	**1,054**	206	**1,054**	206
		142,317	274,529	**87,656**	242,942
Total assets		**7,449,363**	7,784,451	**5,350,934**	5,830,837
Current liabilities					
Trade and other payables	12	**52,885**	64,757	**31,852**	43,457
Income received in advance	14	**278**	2,879	**–**	2,829
Borrowings (unsecured)	15	**99,924**	59,943	**–**	59,943
Security deposits		**4,397**	4,933	**–**	1,616
Derivative financial instruments	13	**976**	230	**650**	230
Provision for taxation		**1,230**	1,414	**420**	1,414
		159,690	134,156	**32,922**	109,489
Non-current liabilities					
Borrowings (secured)	15	**620,067**	245,111	**–**	245,111
Borrowings (unsecured)	15	**1,401,473**	1,980,650	**1,503,587**	1,514,722
Derivative financial instruments	13	**17,931**	11,585	**16,135**	11,333
Security deposits		**34,989**	27,315	**–**	4,208
Deferred tax liabilities	17	**51,433**	50,038	**–**	–
		2,125,893	2,314,699	**1,519,722**	1,775,374
Total liabilities		**2,285,583**	2,448,855	**1,552,644**	1,884,863
Net assets		**5,163,780**	5,335,596	**3,798,290**	3,945,974
Represented by:					
Unitholders' funds		**4,584,849**	4,757,285	**3,648,589**	3,796,273
Perpetual securities	18	**149,701**	149,701	**149,701**	149,701
Non-controlling interests	19	**429,230**	428,610	**–**	–
		5,163,780	5,335,596	**3,798,290**	3,945,974
Units in issue ('000)	18	**3,366,800**	3,393,399	**3,366,800**	3,393,399
Net asset value per Unit ($)		**1.36**	1.40	**1.08**	1.12

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the financial year ended 31 December 2019

		Group	
	Note	2019 $'000	2018 $'000
Property income	21	164,053	165,858
Property expenses	22	(35,154)	(32,703)
Net property income		128,899	133,155
Rental support	23	2,690	8,615
Share of results of associates	5	77,897	73,720
Share of results of joint ventures	6	28,525	30,170
Interest income		27,162	25,075
Amortisation expense	9	(2,549)	(8,163)
Trust expenses	24	(59,385)	(54,377)
Borrowing costs	25	(64,463)	(69,084)
Net foreign exchange differences		(3,547)	623
Net change in fair value of derivative financial instruments		(4,130)	(8,077)
Profit before gain on divestment of investment property and net change in fair value of investment properties		131,099	131,657
Gain on divestment of investment property	3	18,091	–
Net change in fair value of investment properties	26	3,827	33,167
Profit before tax		153,017	164,824
Income tax expense	27	(11,347)	(10,236)
Profit for the year		141,670	154,588
Attributable to:			
Unitholders		119,930	146,160
Perpetual securities holders		7,470	7,470
Non-controlling interests		14,270	958
		141,670	154,588
Earnings per Unit (cents) based on profit for the year attributable to Unitholders			
- Basic	28	3.53	4.30
- Diluted	28	3.50	4.30
Earnings per Unit (cents) based on profit for the year attributable to Unitholders and excluding gain on divestment of investment property, net change in fair value of investment properties and related tax expense			
- Basic	28	3.05	3.46
- Diluted	28	3.03	3.46

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2019

		Group	
	Note	2019 $'000	2018 $'000
Profit for the year		**141,670**	154,588
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges			
- Fair value changes arising during the year	20	**(2,544)**	3,670
- Realised and transferred to profit or loss	20	**(896)**	6,506
Foreign currency translation			
- Exchange difference arising during the year	20	**(73,860)**	(11,610)
Share of other comprehensive income of associates			
- Cash flow hedges	20	**(5,472)**	4,462
Other comprehensive income for the year, net of tax		**(82,772)**	3,028
Total comprehensive income for the year		**58,898**	157,616
Attributable to:			
Unitholders		**37,587**	149,186
Perpetual securities holders		**7,470**	7,470
Non-controlling interests		**13,841**	960
		58,898	157,616

The accompanying notes form an integral part of these financial statements.

DISTRIBUTION STATEMENT

For the financial year ended 31 December 2019

	Group	
	2019 $'000	2018 $'000
Income available for distribution to Unitholders at beginning of the year	46,388	48,439
Profit before gain on divestment of investment property and net change in fair value of investment properties	131,099	131,657
Profit attributable to perpetual securities holders	(7,470)	(7,470)
Profit before net change in fair value of investment properties attributable to non-controlling interests	(14,173)	(882)
Net tax and other adjustments (Note A)	91,152	75,976
Income tax expense	(11,347)	(10,236)
	189,261	189,045
Income available for distribution to Unitholders	235,649	237,484
Distribution to Unitholders:		
Distribution of 1.43 cents per Unit for the period from 1/10/2017 to 31/12/2017	–	(44,325)
Distribution of 1.42 cents per Unit for the period from 1/1/2018 to 31/3/2018	–	(42,401)
Distribution of 1.42 cents per Unit for the period from 1/4/2018 to 30/6/2018	–	(48,323)
Distribution of 1.36 cents per Unit for the period from 1/7/2018 to 30/9/2018	–	(46,340)
Distribution of 1.36 cents per Unit for the period from 1/10/2018 to 31/12/2018	(46,150)	–
Distribution of 1.39 cents per Unit for the period from 1/1/2019 to 31/3/2019	(47,319)	–
Distribution of 1.39 cents per Unit for the period from 1/4/2019 to 30/6/2019	(47,293)	–
Distribution of 1.40 cents per Unit for the period from 1/7/2019 to 30/9/2019	(47,514)	–
	(188,276)	(181,389)
Distribution in relation to the Distribution Reinvestment Plan for the period from 1/10/2017 to 31/12/2017	–	(3,876)
Distribution in relation to the Distribution Reinvestment Plan for the period from 1/1/2018 to 31/3/2018	–	(5,831)
	–	(9,707)
Total Unitholders' distribution (including capital return) (Note B)	(188,276)	(191,096)
Income available for distribution to Unitholders at end of the year	47,373	46,388
Note A – Net tax and other adjustments comprise:		
- Manager's management fees paid and payable in Units	48,160	51,263
- Trustee's fees	1,232	1,278
- Amortisation of intangible asset and capitalised transaction costs	5,269	10,568
- Share of results of associates	(77,897)	(73,720)
- Share of results of joint ventures	(28,525)	(30,170)
- Effects of recognising rental income on a straight-line basis over the lease terms	(882)	1,165
- Interest income to be received	(38)	(160)
- Interest accretion relating to convertible bonds	1,502	–
- Acquisition expenses written off	5,308	–
- Net change in fair value of derivative financial instruments	4,130	8,077
- Deferred tax expense	5,566	6,591
- Capital gains distribution	12,000	3,000
- Other items	11,884	(2,146)
	(12,291)	(24,254)
Dividend and distribution income from associates	77,873	73,993
Distribution income from joint ventures	25,570	26,237
Net tax and other adjustments	91,152	75,976
Note B – Total Unitholders' distribution		
- Taxable income	(128,117)	(154,117)
- Tax exempt income	(48,943)	(35,631)
- Capital return	–	(1,348)
- Capital gains	(11,216)	–
	(188,276)	(191,096)

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENT

As at 31 December 2019

Group

Description of property	Tenure of land	Term of lease	Remaining term of lease	Location	Existing use	Carrying value 2019 $'000	Carrying value 2018 $'000	Percentage of net assets 2019 %	Percentage of net assets 2018 %
Investment properties in Singapore:									
Bugis Junction Towers	Leasehold	99 years	69.7 years	230 Victoria Street	Commercial	**-**	515,000	**-**	9.7
Ocean Financial Centre[1]	Leasehold interest	99 years	90.9 years	10 Collyer Quay	Commercial	**2,628,000**	2,627,000	**50.9**	49.2
Investment properties in Australia:									
275 George Street[2]	Freehold	NA	NA	Brisbane	Commercial	**231,425**	232,188	**4.5**	4.3
8 Exhibition Street[3]	Freehold	NA	NA	Melbourne	Commercial	**245,588**	271,918	**4.7**	5.1
311 Spencer Street[4]	Freehold	NA	NA	Melbourne	Under development	**323,532**	233,850	**6.3**	4.4
Investment property in South Korea:									
T Tower[5]	Freehold	NA	NA	Seoul	Commercial	**301,775**	-	**5.8**	-
Investment properties, at valuation (Note 3)						**3,730,320**	3,879,956	**72.2**	72.7
Investments in associates and joint ventures, advances to associates (Notes 5, 6 and 8) and intangible asset (Note 9)						**3,576,647**	3,628,525	**69.3**	68.0
Investment properties held by joint ventures:									
8 Chifley Square[6]	Leasehold	99 years	85.3 years	Sydney	Commercial				
David Malcolm Justice Centre[7]	Leasehold	99 years	94.7 years	Perth	Commercial				
Investment properties held by associates:									
One Raffles Quay[8]	Leasehold	99 years	80.4 years	1 Raffles Quay	Commercial				
Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall[9]	Leasehold	99 years	84.8 years	Nos. 8, 8A and 10 Marina Boulevard	Commercial				
Marina Bay Financial Centre Tower 3[10]	Leasehold	99 years	86.2 years	No. 12 Marina Boulevard	Commercial				
Other assets and liabilities (net)						**(2,143,187)**	(2,172,885)	**(41.5)**	(40.7)
Net assets						**5,163,780**	5,335,596	**100.0**	100.0

1 Carrying value is based on 100.0% of Ocean Financial Centre. Keppel REIT owns approximately 79.9% (2018: 79.9%) interest in Ocean Financial Centre.
2 Comprises 50.0% (2018: 50.0%) interest in 275 George Street.
3 Comprises 50.0% (2018: 50.0%) interest in 8 Exhibition Street office building and a 100.0% (2018: 100.0%) interest in the three adjacent retail units.
4 Comprises 50.0% (2018: 50.0%) interest in 311 Spencer Street.
5 Carrying value is based on 100.0% of T Tower. Keppel REIT owns approximately 99.4% (2018: Nil) interest in T Tower.
6 Comprises 50.0% (2018: 50.0%) interest in 8 Chifley Square, held through Mirvac 8 Chifley Trust.
7 Comprises 50.0% (2018: 50.0%) interest in David Malcolm Justice Centre, held through Mirvac (Old Treasury) Trust.
8 Comprises one-third (2018: one-third) interest in One Raffles Quay, held through One Raffles Quay Pte Ltd.
9 Comprise one-third (2018: one-third) interest in Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall, held through BFC Development LLP.
10 Comprises one-third (2018: one-third) interest in Marina Bay Financial Centre Tower 3, held through Central Boulevard Development Pte. Ltd.

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENT

As at 31 December 2019

The carrying values of the Group's assets under management as at 31 December 2019 and 31 December 2018 are based on valuations undertaken by various independent valuers. The independent valuers have appropriate professional qualifications and experience in the location and asset class of the properties being valued. The following valuations are determined based on the capitalisation approach, discounted cash flows analysis and direct comparison method, and assessed in accordance with the Group's respective interests in the properties.

FY2019

Property	Independent valuer	Date of valuation	Valuation $'000
Investment property in Singapore:			
Ocean Financial Centre	Edmund Tie & Company (SEA) Pte Ltd	31 December 2019	**2,099,772**[1]
Investment properties in Australia:			
275 George Street	Savills Valuations Pty Ltd	31 December 2019	**231,425**
8 Exhibition Street, comprising 50% interest in the office building and a 100% interest in the three adjacent retail units	CIVAS (VIC) Pty Limited	31 December 2019	**245,588**
311 Spencer Street	m3property (Vic) Pty Ltd	31 December 2019	**323,532**[2]
Investment property in South Korea:			
T Tower	Cushman & Wakefield VHS Pte Ltd	31 December 2019	**299,906**[3]
Investment properties held by associates:			
One Raffles Quay	Savills Valuation and Professional Services (S) Pte Ltd	31 December 2019	**1,254,300**
Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall	Savills Valuation and Professional Services (S) Pte Ltd	31 December 2019	**1,695,300**
Marina Bay Financial Centre Tower 3	Knight Frank Pte Ltd	31 December 2019	**1,297,000**
Investment properties held by joint ventures:			
8 Chifley Square	CIVAS (NSW) Pty Limited	31 December 2019	**222,168**
David Malcolm Justice Centre	Savills Valuations Pty Ltd	31 December 2019	**215,225**
			7,884,216

The accompanying notes form an integral part of these financial statements.

FY2018

Property	Independent valuer	Date of valuation	Valuation $'000
Investment properties in Singapore:			
Bugis Junction Towers	Knight Frank Pte Ltd	31 December 2018	515,000
Ocean Financial Centre	Cushman & Wakefield VHS Pte Ltd	31 December 2018	2,098,973[1]
Investment properties in Australia:			
275 George Street	CBRE Valuations Pty Limited	31 December 2018	232,188
8 Exhibition Street, comprising 50% interest in the office building and a 100% interest in the three adjacent retail units	m3property (Vic) Pty Ltd	31 December 2018	271,918
311 Spencer Street	m3property (Vic) Pty Ltd	31 December 2018	233,850[2]
Investment properties held by associates:			
One Raffles Quay	Colliers International Consultancy & Valuation (Singapore) Pte Ltd	31 December 2018	1,275,600
Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall	Colliers International Consultancy & Valuation (Singapore) Pte Ltd	31 December 2018	1,695,300
Marina Bay Financial Centre Tower 3	Savills Valuation and Professional Services (S) Pte Ltd	31 December 2018	1,297,000
Investment properties held by joint ventures:			
8 Chifley Square	CBRE Valuations Pty Limited	31 December 2018	249,257
David Malcolm Justice Centre	Savills Valuations Pty Ltd	31 December 2018	221,562
			8,090,648

1 The carrying value based on 100.0% interest in Ocean Financial Centre is $2,628,000,000 (2018: $2,627,000,000).

2 The valuation of the property is derived on an "as is" basis.

3 The carrying value based on 100.0% interest in T Tower is $301,775,000 (2018: Nil).

The investment properties comprise commercial properties that are mainly leased to third party tenants. Generally, these leases contain an initial non-cancellable period of between 1 and 30 years. Subsequent renewals are negotiated with individual lessees.

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

For the financial year ended 31 December 2019

	Attributable to Unitholders									
Group	Units in issue $'000	Treasury units $'000	Foreign currency translation reserve $'000	Hedging reserve $'000	Accumulated profits $'000	Other reserves $'000	Unitholders' funds $'000	Perpetual securities $'000	Non-controlling interests $'000	Total $'000
At 1 January 2019	3,557,767	–	(46,418)	(5,835)	1,248,549	3,222	4,757,285	149,701	428,610	5,335,596
Operations										
Profit attributable to Unitholders and non-controlling interests	–	–	–	–	119,930	–	119,930	–	14,270	134,200
Net increase in net assets resulting from operations	–	–	–	–	119,930	–	119,930	–	14,270	134,200
Unitholders' transactions										
Creation of Units										
- Payment of management fees in Units	49,350	–	–	–	–	–	49,350	–	–	49,350
Purchase of Units	–	(82,134)	–	–	–	–	(82,134)	–	–	(82,134)
Cancellation of treasury units	(82,134)	82,134	–	–	–	–	–	–	–	–
Distribution to Unitholders	–	–	–	–	(188,276)	–	(188,276)	–	–	(188,276)
Issuance of convertible bonds	–	–	–	–	–	11,037	11,037	–	–	11,037
Net (decrease)/increase in net assets resulting from Unitholders' transactions	(32,784)	–	–	–	(188,276)	11,037	(210,023)	–	–	(210,023)
Perpetual securities										
Profit attributable to perpetual securities holders	–	–	–	–	–	–	–	7,470	–	7,470
Distribution to perpetual securities holders	–	–	–	–	–	–	–	(7,470)	–	(7,470)
Net movement in net assets resulting from perpetual securities holders' transactions	–	–	–	–	–	–	–	–	–	–
Net movement in foreign currency translation reserve	–	–	(73,857)	–	–	–	(73,857)	–	(3)	(73,860)
Net change in fair value of cash flow hedges	–	–	–	(3,014)	–	–	(3,014)	–	(426)	(3,440)
Share of net change in fair value of cash flow hedges of associates	–	–	–	(5,472)	–	–	(5,472)	–	–	(5,472)
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	966	966
Redemption of share capital by non-controlling interest	–	–	–	–	–	–	–	–	(33)	(33)
Distribution of profits to non-controlling interests	–	–	–	–	–	–	–	–	(14,154)	(14,154)
At 31 December 2019	3,524,983	–	(120,275)	(14,321)	1,180,203	14,259	4,584,849	149,701	429,230	5,163,780

The accompanying notes form an integral part of these financial statements.

Group	Units in issue $'000	Treasury units $'000	Foreign currency translation reserve $'000	Hedging reserve $'000	Accumulated profits $'000	Other reserves $'000	Unitholders' funds $'000	Perpetual securities $'000	Non-controlling interests $'000	Total $'000
	Attributable to Unitholders									
At 1 January 2018	3,530,732	–	(34,808)	(20,471)	1,284,749	3,222	4,763,424	149,701	2,133	4,915,258
Operations										
Profit attributable to Unitholders and non-controlling interests	–	–	–	–	146,160	–	146,160	–	958	147,118
Net increase in net assets resulting from operations	–	–	–	–	146,160	–	146,160	–	958	147,118
Unitholders' transactions										
Creation of Units										
- Payment of management fees in Units	51,498	–	–	–	–	–	51,498	–	–	51,498
- Distribution Reinvestment Plan	9,707	–	–	–	(9,707)	–	–	–	–	–
Purchase of Units	–	(32,822)	–	–	–	–	(32,822)	–	–	(32,822)
Cancellation of treasury units	(32,822)	32,822	–	–	–	–	–	–	–	–
Distribution to Unitholders	(1,348)	–	–	–	(180,041)	–	(181,389)	–	–	(181,389)
Divestment of partial interest in a subsidiary	–	–	–	–	7,388	–	7,388	–	426,399	433,787
Net increase/(decrease) in net assets resulting from Unitholders' transactions	27,035	–	–	–	(182,360)	–	(155,325)	–	426,399	271,074
Perpetual securities										
Profit attributable to perpetual securities holders	–	–	–	–	–	–	–	7,470	–	7,470
Distribution to perpetual securities holders	–	–	–	–	–	–	–	(7,470)	–	(7,470)
Net movement in net assets resulting from perpetual securities holders' transactions	–	–	–	–	–	–	–	–	–	–
Net movement in foreign currency translation reserve	–	–	(11,610)	–	–	–	(11,610)	–	–	(11,610)
Net change in fair value of cash flow hedges	–	–	–	10,174	–	–	10,174	–	2	10,176
Share of net change in fair value of cash flow hedges of associates	–	–	–	4,462	–	–	4,462	–	–	4,462
Distribution of partnership profits to non-controlling interests	–	–	–	–	–	–	–	–	(882)	(882)
At 31 December 2018	3,557,767	–	(46,418)	(5,835)	1,248,549	3,222	4,757,285	149,701	428,610	5,335,596

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

For the financial year ended 31 December 2019

	Attributable to Unitholders						
Trust	**Units in issue $'000**	**Treasury units $'000**	**Hedging reserve $'000**	**Accumulated profits $'000**	**Other reserves $'000**	**Perpetual securities $'000**	**Total $'000**
At 1 January 2019	**3,557,767**	**–**	**(4,961)**	**243,467**	**–**	**149,701**	**3,945,974**
Operations							
Profit attributable to Unitholders	**–**	**–**	**–**	**63,268**	**–**	**–**	**63,268**
Net increase in net assets resulting from operations	**–**	**–**	**–**	**63,268**	**–**	**–**	**63,268**
Unitholders' transactions							
Creation of Units							
- Payment of management fees in Units	**49,350**	**–**	**–**	**–**	**–**	**–**	**49,350**
Purchase of Units	**–**	**(82,134)**	**–**	**–**	**–**	**–**	**(82,134)**
Cancellation of treasury units	**(82,134)**	**82,134**	**–**	**–**	**–**	**–**	**–**
Distribution to Unitholders	**–**	**–**	**–**	**(188,276)**	**–**	**–**	**(188,276)**
Issuance of convertible bonds	**–**	**–**	**–**	**–**	**11,037**	**–**	**11,037**
Net (decrease)/increase in net assets resulting from Unitholders' transactions	**(32,784)**	**–**	**–**	**(188,276)**	**11,037**	**–**	**(210,023)**
Perpetual securities							
Profit attributable to perpetual securities holders	**–**	**–**	**–**	**–**	**–**	**7,470**	**7,470**
Distribution to perpetual securities holders	**–**	**–**	**–**	**–**	**–**	**(7,470)**	**(7,470)**
Net movement in net assets resulting from perpetual securities holders' transactions	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Net change in fair value of cash flow hedges	**–**	**–**	**(929)**	**–**	**–**	**–**	**(929)**
At 31 December 2019	**3,524,983**	**–**	**(5,890)**	**118,459**	**11,037**	**149,701**	**3,798,290**
At 1 January 2018	3,530,732	–	(12,554)	270,068	–	149,701	3,937,947
Operations							
Profit attributable to Unitholders	–	–	–	163,147	–	–	163,147
Net increase in net assets resulting from operations	–	–	–	163,147	–	–	163,147
Unitholders' transactions							
Creation of Units							
- Payment of management fees in Units	51,498	–	–	–	–	–	51,498
- Distribution Reinvestment Plan	9,707	–	–	(9,707)	–	–	–
Purchase of Units	–	(32,822)	–	–	–	–	(32,822)
Cancellation of treasury units	(32,822)	32,822	–	–	–	–	–
Distribution to Unitholders	(1,348)	–	–	(180,041)	–	–	(181,389)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	27,035	–	–	(189,748)	–	–	(162,713)
Perpetual securities							
Profit attributable to perpetual securities holders	–	–	–	–	–	7,470	7,470
Distribution to perpetual securities holders	–	–	–	–	–	(7,470)	(7,470)
Net movement in net assets resulting from perpetual securities holders' transactions	–	–	–	–	–	–	–
Net change in fair value of cash flow hedges	–	–	7,593	–	–	–	7,593
At 31 December 2018	3,557,767	–	(4,961)	243,467	–	149,701	3,945,974

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2019

	Group	
	2019 $'000	2018 $'000
Operating activities		
Profit before tax	153,017	164,824
Adjustments for:		
Interest income	(27,162)	(25,075)
Amortisation expense	2,549	8,163
Share of results of associates	(77,897)	(73,720)
Share of results of joint ventures	(28,525)	(30,170)
Borrowing costs	64,463	69,084
Management fees paid and payable in Units	48,160	51,263
Net change in fair value of derivative financial instruments	4,130	8,077
Net change in fair value of investment properties	(3,827)	(33,167)
Gain on divestment of investment property	(18,091)	–
Depreciation	9	43
Rental support	(2,690)	(8,615)
Unrealised currency translation differences	2,753	546
Operating cash flows before changes in working capital	116,889	131,253
Increase in receivables	(9,037)	(11,507)
(Decrease)/increase in payables	(8,287)	402
(Decrease)/increase in security deposits	(601)	1,414
Cash flows from operations	98,964	121,562
Income taxes paid	(6,384)	(4,490)
Net cash flows provided by operating activities	92,580	117,072
Investing activities		
Net cash outflow on acquisition of a subsidiary (Note A)	(151,324)	–
Progress payments on investment property under development	(96,494)	(81,280)
Subsequent expenditure on investment properties	(16,232)	(9,438)
Proceeds from divestment of investment property, net of transaction and other related costs	530,258	–
Purchase of fixed assets	(5)	(6)
Interest received	27,284	25,112
Rental support received	2,690	8,615
Investments in joint ventures	(166)	–
Receipt of/(payment on) adjustment to investment in an associate	457	(333)
Reimbursement of development costs for one-third interest in an associate	757	–
Settlement of accrued development costs for 99.9% interest in a subsidiary and one-third interest in an associate	(9,945)	–
Redemption of share capital by non-controlling interest	(33)	–
Dividend and distribution income received from associates	77,873	73,993
Distribution income received from joint ventures	25,570	26,237
Advance to an associate	(2,523)	(2,500)
Net proceeds from divestment of partial interest in a subsidiary	–	439,272
Net cash flows provided by investing activities	388,167	479,672
Financing activities		
Loans drawdown	725,251	783,922
Repayment of loans	(1,191,497)	(1,018,503)
Proceeds from issuance of convertible bonds	200,000	–
Payment of financing expenses/upfront debt arrangement costs	(1,869)	(1,223)
Issue expenses for convertible bonds	(2,025)	–
Distribution of profits to non-controlling interests	(10,406)	(882)
Distribution to Unitholders (net of distribution in Units)	(188,276)	(181,389)
Distribution to perpetual securities holders	(7,470)	(7,470)
Interest paid	(59,307)	(68,231)
Purchase of Units	(82,134)	(32,822)
Net cash flows used in financing activities	(617,733)	(526,598)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2019

	Group 2019 $'000	Group 2018 $'000
Net (decrease)/increase in cash and cash equivalents	(136,986)	70,146
Cash and cash equivalents at beginning of the year	255,807	186,462
Effect of exchange rate changes on cash and cash equivalents	(5,051)	(801)
Cash and cash equivalents at end of the year (Note 11)	113,770	255,807
Cash and bank balances	124,841	258,924
Less: Restricted cash and bank balances (Note B)	(11,071)	(3,117)
Cash and cash equivalents per Consolidated Statement of Cash Flows	113,770	255,807

Reconciliation of liabilities arising from financing activities

	2019			2018
	Borrowings $'000	Convertible bonds $'000	Total $'000	Borrowings $'000
Group				
As at 1 January	2,285,704	–	2,285,704	2,522,181
Acquisition of a subsidiary	137,564	–	137,564	–
Net principal repayment and financing expenses/ upfront debt arrangement costs	(468,115)	–	(468,115)	(235,804)
Proceeds from issuance of convertible bonds, net of issue expenses	–	197,975	197,975	–
Non-cash changes				
Amortisation of capitalised transaction costs	2,608	291	2,899	2,405
Interest accretion	–	1,502	1,502	–
Foreign exchange movement	(25,650)	–	(25,650)	(3,078)
Capitalised transaction costs taken to gain on divestment of investment property	622	–	622	–
Equity conversion component of convertible bonds on initial recognition	–	(11,037)	(11,037)	–
As at 31 December	1,932,733	188,731	2,121,464	2,285,704

The accompanying notes form an integral part of these financial statements.

Note A – Net cash outflow on acquisition of a subsidiary

On 27 May 2019, the Group acquired an approximate 99.4% interest in Keppel No. 4 Professional Investors' Private Real Estate Investment Limited Liability Company ("K4 LLC") which holds T Tower.

	Group 2019 $'000
Investment property	**293,838**
Other assets	**12,224**
Borrowings (non-current)	**(137,564)**
Security deposits	**(11,025)**
Other liabilities	**(4,024)**
Fair value of net assets acquired	**153,449**
Less: Non-controlling interest	**(966)**
Total purchase consideration	**152,483**
Less: Cash and bank balances acquired (excluding restricted cash and bank balances)	**(1,159)**
Net cash outflow on acquisition of a subsidiary	**151,324**

Note B – Restricted cash and bank balances

As at 31 December 2019, this relates to tenant security deposits held in designated accounts for T Tower.

As at 31 December 2018, this pertained to the rental support top-up payments received in advance by Keppel REIT and related accumulated interest, held in designated accounts for the one-third interest in Central Boulevard Development Pte. Ltd. ("CBDPL") which holds MBFC Tower 3.

Note C – Significant non-cash transactions

The following were the significant non-cash transactions:

(i) 40,456,154 (2018: 42,986,667) Units were issued as payment of management fees to the Manager, amounting to $49,350,000 (2018: $51,498,000); and

(ii) In the prior year, 7,955,743 Units were issued pursuant to the Distribution Reinvestment Plan, amounting to $9,707,000.

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

These notes form an integral part of the financial statements.

The financial statements of Keppel REIT (the "Trust") and its subsidiaries (the "Group") for the financial year ended 31 December 2019 were authorised for issue by the Manager on 19 February 2020.

1. General

Keppel REIT is a Singapore-domiciled real estate investment trust constituted by the Trust Deed dated 28 November 2005 (as amended) (the "Trust Deed") between Keppel REIT Management Limited (the "Manager") and RBC Investor Services Trust Singapore Limited (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust and its subsidiaries in trust for the holders ("Unitholders") of units in the Trust (the "Units"). The address of the Trustee's registered office and principal place of business is 8 Marina View, #26-01 Asia Square Tower 1, Singapore 018960.

The Trust was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 28 April 2006 and was included in the Central Provident Fund Investment Scheme on 28 April 2006. The principal activity of the Trust is to invest in a portfolio of quality real estate and real estate-related assets which are predominantly used for commercial purposes in Singapore and Asia with the primary objective of generating stable returns to its Unitholders and achieving long-term capital growth. The principal activities of its subsidiaries, associates and joint ventures are set out in Notes 4, 5 and 6 respectively.

The Trust has entered into several service agreements in relation to the management of the Trust and its property operations. The fee structures of these services are as follows:

(a) Property management fees

Under the property management agreement, for property management services rendered by Keppel REIT Property Management Pte Ltd (the "Property Manager"), the Trustee will pay the Property Manager property management fees of 3.0% per annum of the property income of each of the investment properties.

The Property Manager is also entitled to receive leasing commission at the rates set out as follows:

(i) one month's Gross Rent (base rental income and tenant service charge) or licence fee, as applicable, for securing a tenancy or licence of two years or more;
(ii) one-half month's Gross Rent (base rental income and tenant service charge) or licence fee, as applicable, for securing a tenancy or licence of less than two years but at least a year and a proportionate part thereof; and
(iii) one-quarter month's Gross Rent (base rental income and tenant service charge) or licence fee, as applicable, for securing a renewal of tenancy or licence of a year or more and a proportionate part thereof for securing a renewal of a tenancy or licence of less than a year.

The property management fees are payable monthly in arrears.

(b) Manager's management fees

Pursuant to the Trust Deed, the Manager is entitled to the following management fees:

(i) a base fee of 0.5% per annum of the value of all the assets for the time being of the Trust or deemed to be held upon the Trust constituted under the Trust Deed ("Deposited Property"); and
(ii) an annual performance fee of 3.0% per annum of the Net Property Income (as defined in the Trust Deed) of the Trust and any Special Purpose Vehicles (as defined in the Trust Deed) after deducting all applicable taxes payable.

The management fees will be paid in the form of cash and/or Units (as the Manager may elect). The management fees payable in Units will be issued at the volume weighted average price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of 10 Business Days (as defined in the Trust Deed) immediately preceding the relevant Business Day.

The base fee component of the Manager's management fees is payable quarterly in arrears. This is presented net of management fees paid to external asset and investment managers. The performance fee component of the Manager's management fees will be paid on an annual basis in arrears, subsequent to the applicable financial year.

The Manager is also entitled to receive an acquisition fee at the rate of 1.0% of acquisition price and a divestment fee of 0.5% of sale price on all acquisitions or disposals of properties respectively.

(c) Trustee's fees

Under the Trust Deed, the maximum fee payable to the Trustee is 0.03% per annum of the value of the Deposited Property and shall be payable quarterly in arrears.

2. Summary of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"), 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.

The MAS granted Keppel REIT a waiver from compliance with the requirement under Paragraph 4.3 of Appendix 6 to the CIS Code to prepare its financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants. RAP 7 requires the accounting policies to generally comply with the principles relating to recognition and measurement under the Singapore Financial Reporting Standards.

The financial statements, which are expressed in Singapore dollar ("SGD" or "$") and rounded to the nearest thousand ($'000), unless otherwise stated, are prepared on the historical cost basis, except as disclosed in the accounting policies below.

(b) Changes in accounting policies

The accounting policies adopted in the financial statements 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 2019. Except as disclosed in Note 2(c), the adoption of these standards did not have any effect on the financial performance or position of the Group.

(c) Adoption of SFRS(I) 16 Leases

SFRS(I) 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

<u>When the Group is the lessee</u>
Prior to the adoption of SFRS(I) 16, non-cancellable operating lease payments were not recognised as liabilities in the balance sheet. These payments were recognised as rental expenses over the lease term on a straight-line basis.

The Group's accounting policy on leases after the adoption of SFRS(I) 16 is as disclosed in Note 2(s). On initial application of SFRS(I) 16, the Group has elected to apply the following practical expedient:

(i) For all contracts entered into before 1 January 2019 and that were previously identified as leases under SFRS(I) 1-17 Leases and SFRS(I) INT 4 Determining whether an Arrangement contains a Lease, the Group has not reassessed if such contracts contain leases under SFRS(I) 16.

<u>When the Group is a lessor</u>
There are no material changes to accounting by the Group as a lessor.

The adoption of the new standard did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Trust and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date and use accounting policies consistent with the Trust.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in the Consolidated Statement of Profit or Loss; and
- re-classifies the Group's share of components previously recognised in other comprehensive income to the Consolidated Statement of Profit or Loss or accumulated profits, as appropriate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Summary of significant accounting policies (continued)

(e) Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to Unitholders of the Trust, and are presented separately in the Consolidated Statement of Profit or Loss and within equity in the consolidated Balance Sheet, separately from equity attributable to the Unitholders of the Trust.

Changes in the Trust's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to Unitholders of the Trust.

(f) Functional and foreign currency

(i) Functional currency

The Manager has determined the currency of the primary economic environment in which the Trust operates, i.e. functional currency, to be Singapore dollar. The financial statements are presented in Singapore dollar.

(ii) Foreign currency transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Trust and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the Consolidated Statement of Profit or Loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised under foreign currency translation reserve in Unitholders' funds. The foreign currency translation reserve is reclassified from Unitholders' funds to the Consolidated Statement of Profit or Loss on disposal of the foreign operation.

(iii) Consolidated financial statements

For consolidation purposes, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profits are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised under foreign currency translation reserve in Unitholders' funds. On disposal of a foreign operation, the foreign currency translation reserve relating to that particular foreign operation is recognised in the Consolidated Statement of Profit or Loss.

(g) Investment properties

Investment properties are properties that are owned by the Group in order to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties.

Investment properties are initially recorded at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. The cost of investment property under development includes the cost of materials and direct labour, and any other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the Consolidated Statement of Profit or Loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the Consolidated Statement of Profit or Loss in the year of retirement or disposal.

(h) Fixed assets

Fixed assets are initially recorded at cost and subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of fixed asset initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Included within fixed assets are artwork and sculpture that are considered inexhaustible, in that their values do not diminish over time. These artwork and sculpture are not depreciated but their carrying values are reviewed for impairment at the level of the respective cash-generating units to which they relate when events or changes in circumstances indicate that the carrying values may not be recoverable.

All other fixed assets are depreciated on a straight-line basis over their estimated useful lives as follows:

Computer	3 years
Machinery and equipment	5 years

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of fixed assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

(i) Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Trust's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

(j) Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2(k).

(k) Associates and joint ventures

An associate is an entity over which the Group has significant influence, but not control over the financial and operating policy decisions of the investee.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

The Group accounts for its investments in associates and joint ventures using the equity method less impairment losses, if any, from the date on which the investment becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investments in associates or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions or dividends received from associates or joint ventures reduce the carrying amounts of the investments. Where there has been a change recognised in other comprehensive income by the associates or joint ventures, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associates or joint ventures are eliminated to the extent of the interest in the associates or joint ventures.

2. Summary of significant accounting policies (continued)

(k) Associates and joint ventures (continued)

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal and constructive obligations to make or has made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in associates or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates and joint ventures are prepared for the same reporting date as the Trust. Property held for sale is stated at the lower of cost and net realisable value. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group, and adjustments are made for the effects of significant transactions or events that occur between that date and the reporting date of the Trust.

(l) Intangible asset

Intangible asset, which relates to rental support top-up payments, is measured initially at cost, being the fair value as at the date of acquisition. Following initial recognition, intangible asset is measured at cost less any accumulated amortisation and any impairment losses.

Intangible asset with a finite useful life is amortised over the estimated useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible asset with finite useful life is recognised in profit or loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(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. If that is the case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that were previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment losses are also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

(n) Financial instruments

Financial assets

(i) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through profit or loss

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

(ii) *At initial recognition*
At initial recognition, the Group measures a financial asset at its fair value, plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(iii) *At subsequent measurement*
Debt instruments mainly comprise cash and cash equivalents, advances to associates, trade and other receivables and derivative financial instruments. Depending on the Group's business model for managing the asset and the cash flow characteristics of the asset, the Group uses the following measurement categories:

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

- Fair value through profit or loss: Debt instruments that do not meet the criteria for classification as amortised cost or fair value through other comprehensive income are classified as fair value through profit or loss. Movement in fair values is recognised in profit or loss in the period which it arises.

(iv) *Recognition and derecognition*
Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

Financial liabilities

(i) *Recognition and derecognition*
Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(ii) *Initial and subsequent measurement*
All financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(o) Impairment of financial assets
The Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 30 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(p) Cash and cash equivalents
Cash and cash equivalents comprise cash at banks and on hand, and demand deposits, and exclude amounts which are restricted for use.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Summary of significant accounting policies (continued)

(q) Unit capital, treasury units, perpetual securities and issue expenses

Proceeds from issuance of Units are recognised as units in issue in Unitholders' funds and incidental costs directly attributable to the issuance are deducted against Unitholders' funds.

When units are re-acquired by the Trust, the amount of consideration paid and any directly attributable transaction costs are recognised directly in equity. Re-acquired units are classified as treasury units and presented as a deduction from total equity. When treasury units are subsequently cancelled, the costs of treasury units are deducted against the units in issue account if the units are purchased out of capital of the Trust, or against accumulated profits of the Trust if the units are purchased out of earnings of the Trust.

Proceeds from issuance of perpetual securities are recognised in equity and incidental costs directly attributable to the issuance of perpetual securities are deducted against the proceeds from the issue.

(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

The accounting policy for leases before 1 January 2019 is as follows:

(i) When the Group is the lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

(ii) When the Group is the lessor – Operating leases

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. The accounting policy for rental income is set out in Note 2(u)(i).

Contingent rents are recognised as revenue in the period in which they are earned.

The accounting policy for leases after 1 January 2019 is as follows:

(i) When the Group is the lessee

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- *Short term and low value leases*
  The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

(ii) When the Group is the lessor

The accounting policy applicable to the Group as a lessor is the same under SFRS(I) 16 in the comparative period.

(t) Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

(i) Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transactions costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(ii) **Convertible bonds**
The total proceeds from convertible bonds issued are allocated to the liability component and the equity component, which are separately presented on the balance sheet.

The liability component is recognised initially at its fair value, determined using a market interest rate for non-convertible bonds. It is subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the bonds.

The difference between the total proceeds and the liability component is allocated to the conversion option (equity component), which is presented in equity net of any deferred tax effect. The carrying amount of the conversion option is not adjusted in subsequent periods. When the conversion option is exercised, its carrying amount is transferred to units in issue. When the conversion option lapses, its carrying amount is transferred to accumulated profits.

(u) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(i) **Rental income**
Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

(ii) **Interest income**
Interest income is recognised using the effective interest method.

(iii) **Rental support, dividend income and distribution income**
Rental support, dividend income and distribution income are recognised when the Group's right to receive payment is established.

(v) Expenses

(i) **Trust expenses**
Trust expenses are recognised on an accrual basis.

(ii) **Property expenses**
Property expenses are recognised on an accrual basis. Included in property expenses are property management fees which are based on the applicable formula stipulated in Note 1(a).

(iii) **Manager's management fees**
Manager's management fees are recognised on an accrual basis based on the applicable formula stipulated in Note 1(b).

(w) Borrowing costs

Borrowing costs are recognised in the Consolidated Statement of Profit or Loss using the effective interest method except for those costs that are directly attributable to the development of investment properties. These include costs on borrowings acquired specifically for the development of investment properties.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit of the investment property under development less any investment income on temporary investment of these borrowings, are capitalised in the cost of the investment property under development.

(x) Taxation

(i) **Current income tax**
Current income tax is the expected tax payable on the taxable income for the year, using tax rates and tax laws enacted or substantively enacted at the reporting date.

Current income tax is recognised as an expense or income in profit or loss, except when it relates to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination.

(ii) **Deferred tax**
Deferred tax is provided, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which those assets and liabilities are expected to be realised or settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. **Summary of significant accounting policies** (continued)

(x) **Taxation** (continued)

(ii) **Deferred tax** (continued)

Deferred tax is measured based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Deferred tax is recognised as an expense or income in profit or loss, except when it relates to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination.

(iii) **Tax transparency**

Pursuant to the Tax Transparency Ruling issued by the Inland Revenue Authority of Singapore ("IRAS"), tax transparency treatment has been granted to the Trust in respect of certain taxable income ("Specified Taxable Income"). Subject to meeting the terms and conditions of the tax ruling which include a distribution of at least 90% of the taxable income of the Trust, the Trust will not be assessed for tax on the portion of its taxable income that is distributed to Unitholders. Any portion of the Trust's taxable income that is not distributed to Unitholders will be taxed at the prevailing corporate tax rate.

In the event that there are subsequent adjustments to the taxable income when the actual taxable income of the Trust is finally agreed with the IRAS, such adjustments are taken up as adjustments to the amount to be distributed for the next distribution following the agreement with the IRAS.

Subject to the terms and conditions of the Tax Transparency Ruling, the Trust will not be taxed on Specified Taxable Income distributed to the Unitholders in the year in which the income was derived. Instead, the Trust will undertake to deduct income tax at the prevailing corporate tax rate on the distributions made to the Unitholders out of such Specified Taxable Income except:

a) where the beneficial owner is a Qualifying Unitholder (as defined herein), distributions will be made to such Unitholder without deducting any income tax; and

b) where the beneficial owner is a Qualifying Non-Resident Non-Individual Unitholder (as defined herein), income tax will be deducted at a reduced rate of 10% from the distributions made up to 31 December 2025, unless otherwise extended; and

c) where the beneficial owner is a Qualifying Non-Resident Fund (as defined herein), income tax will be deducted at a reduced rate of 10% from the distributions made from 1 July 2019 to 31 December 2025, unless otherwise extended.

A Qualifying Unitholder is a Unitholder who is:

a) an individual; or

b) a company incorporated and tax resident in Singapore;

c) a Singapore branch of a company incorporated outside Singapore;

d) a non-corporate entity (excluding partnerships) constituted or registered in Singapore including:
- institutions, authorities, persons or funds specified in the First Schedule to the Income Tax Act, Chapter 134 of Singapore;
- co-operative societies registered under the Co-operative Societies Act, Chapter 62 of Singapore;
- trade unions registered under the Trade Unions Act, Chapter 333 of Singapore;
- charities registered under the Charities Act, Chapter 37 of Singapore or established by any written law; and
- town councils;

e) an international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Cap. 145); or

f) real estate investment trust exchange-traded funds which have been accorded the tax transparency treatment.

A Qualifying Non-Resident Non-Individual Unitholder is one who is not a resident in Singapore for Singapore income tax purposes and:

a) who does not have any permanent establishment in Singapore; or

b) who carries on any operation in Singapore through a permanent establishment in Singapore, where the funds used to acquire the Units are not obtained from that operation.

A Qualifying Non-Resident Fund is one who is not a resident in Singapore for Singapore income tax purposes, qualifies for tax exemption under section 13CA, 13X or 13Y of the Income Tax Act and:

a) who does not have any permanent establishment in Singapore (other than the fund manager in Singapore); or

b) who carries on any operation in Singapore through a permanent establishment in Singapore (other than the fund manager in Singapore), where the funds used to acquire the Units are not obtained from that operation.

The above tax transparency ruling does not apply to gains from sale of real estate properties. Such gains, if they are considered as trading gains, are assessable to tax on the Trust. Where the gains are capital gains, the Trust will not be assessed to tax and may distribute the capital gains to Unitholders without having to deduct tax at source.

Any distributions made by the Trust to the Unitholders out of tax-exempt income and taxed income would be exempt from Singapore income tax in the hands of all Unitholders, regardless of their corporate or residence status.

(iv) Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

a) Where the sales tax incurred on a purchase of asset or service is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

b) Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables on the Balance Sheets.

(y) Portfolio reporting

For management purposes, the Group is organised into operating segments based on individual investment property within the Group's portfolio, and prepares financial information on a property by property basis. The properties are independently managed by property managers who are responsible for the performance of the property under their charge. Discrete financial information is provided to the Board of Directors (the "Board") on a property by property basis. The Board regularly reviews this information in order to allocate resources to each property and to assess the property's performance.

(z) Derivative financial instruments and hedge accounting

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Gains or losses arising from the changes in fair value of derivative financial instruments that do not qualify for hedge accounting are taken to profit or loss and presented in "net change in fair value of derivative financial instruments".

The Group applies hedge accounting for certain hedging transactions which qualify for hedge accounting.

For the purpose of hedge accounting, hedges are classified as:
- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

2. Summary of significant accounting policies (continued)

(z) Derivative financial instruments and hedge accounting (continued)

At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The following hedges in place as at 31 December 2019 qualified respectively as cash flow and net investment hedges under SFRS(I) 9. The Group's management strategies and hedge documentation are aligned with the requirements of SFRS(I) 9 and are thus treated as continuing hedges.

(i) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in hedging reserve in Unitholders' funds, while any ineffective portion is recognised immediately in profit or loss.

Amounts recognised in hedging reserve in Unitholders' funds are transferred to profit or loss when the hedge transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in hedging reserve in Unitholders' funds is transferred to profit or loss. If the hedging instrument has expired or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in hedging reserve in Unitholders' funds remains in Unitholders' funds until the forecast transaction or firm commitment affects profit or loss.

The Group uses interest rate swaps to hedge its exposure to interest rate risk for bank loans with floating interest rates. Details of the interest rate swaps are disclosed in Note 13.

The Group uses forward currency contracts to hedge foreign currency risk arising from the cash flows of its investment properties in Australia and South Korea. Details of the forward currency contracts are disclosed in Note 13.

(ii) Net investment hedge

The Group has foreign currency borrowings that qualify as net investment hedges of foreign operations. These hedging instruments are accounted for similarly to cash flow hedges. The currency translation differences on the borrowings relating to the effective portion of the hedge are recognised in other comprehensive income in the consolidated financial statements, accumulated in the currency translation reserve and reclassified to profit or loss as part of the gain or loss on disposal of the foreign operation. The currency translation differences relating to the ineffective portion of the hedge are recognised immediately in profit or loss.

(aa) Significant accounting judgements and estimates

The preparation of the financial statements in conformity with SFRS(I) requires the Manager to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income, expenses and disclosures made. The estimates and associated assumptions are based on historical experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates and underlying assumptions are reviewed on an on-going basis. Financial impact arising from revisions to accounting estimates is recognised in the period in which the estimates are revised and in any future periods affected.

In particular, significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

Valuation of investment properties

Investment properties are stated at fair value, with changes in fair value recognised in profit or loss. The Group engaged independent professional valuers to determine fair value as at the financial year-end.

The fair value of investment properties held by the Group and through its associates and joint ventures is determined by independent real estate valuation experts using approved valuation methodologies. In determining the fair value, the valuers have used valuation methods which involve estimates and discount rates applicable to those assets. The Manager is satisfied that the valuation methods and estimates are reflective of current market conditions. The determined fair value of the investment properties is most sensitive to the estimated yield as well as the vacancy assumptions. Specific assumptions and estimates are disclosed in Note 32(d).

3. Investment properties

	Completed investment properties $'000	Investment property under development $'000	Total $'000
Group			
2019			
At 1 January	**3,646,106**	**233,850**	**3,879,956**
Translation differences	**(40,677)**	**(21,385)**	**(62,062)**
Acquisition of a subsidiary	**293,838**	**–**	**293,838**
Progress payments on investment property under development	**–**	**96,494**	**96,494**
Capitalised expenditure	**11,580**	**4,652**	**16,232**
Divestment of investment property	**(515,035)**	**–**	**(515,035)**
Net change in fair value of investment properties (Note 26)	**10,976**	**9,921**	**20,897**
At 31 December	**3,406,788**	**323,532**	**3,730,320**
2018			
At 1 January	3,625,950	148,920	3,774,870
Translation differences	(6,234)	(3,217)	(9,451)
Progress payments on investment property under development	–	81,280	81,280
Capitalised expenditure	7,233	2,205	9,438
Net change in fair value of investment properties (Note 26)	19,157	4,662	23,819
At 31 December	3,646,106	233,850	3,879,956

	Completed investment properties $'000	Investment property under development $'000	Total $'000
Trust			
2019			
At 1 January	**515,000**	**–**	**515,000**
Capitalised expenditure	**35**	**–**	**35**
Divestment of investment property	**(515,035)**	**–**	**(515,035)**
At 31 December	**–**	**–**	**–**
2018			
At 1 January	525,000	–	525,000
Capitalised expenditure	164	–	164
Net change in fair value of investment property	(10,164)	–	(10,164)
At 31 December	515,000	–	515,000

Investment properties are stated at fair value based on valuations performed by independent valuers. In determining the fair value, the valuers have used the direct comparison method, capitalisation approach and discounted cash flows analysis which make reference to estimated market rental values and equivalent yields. The key assumptions used to determine the fair value of investment properties include, amongst others, market-corroborated capitalisation yields, discount rates and transacted prices of comparable properties. Details of valuation techniques and inputs used are disclosed in Note 32(d).

3. Investment properties (continued)

On 31 July 2017, the Group acquired a 50% interest in an office tower under development at 311 Spencer Street for a consideration of approximately $362,400,000. As at 31 December 2019, the fair value of the investment property under development of $323,532,000 is derived on an "as is" basis.

Included in capitalised expenditure for investment property under development are capitalised borrowing costs amounting to $4,583,000 (2018: $2,205,000).

On 27 May 2019, the Group acquired an approximate 99.4% interest in T Tower for a consideration of approximately $292,018,000.

On 29 November 2019, the Group divested its interest in Bugis Junction Towers for a consideration of $547,690,000 and recognised a gain on divestment of $18,091,000. The gain on divestment is net of transaction and other related costs.

The Group has mortgaged investment properties of an aggregate amount of $1,084,817,000 (2018: $515,000,000) as security for credit facilities granted (Note 15).

4. Investments in subsidiaries

	Trust	
	2019 $'000	2018 $'000
Unquoted equity, at cost	**1,473,781**	1,473,781

Name	Country of incorporation/ constitution	Principal activities	Effective equity interest 2019 %	2018 %
Held by the Trust				
Keppel REIT MTN Pte. Ltd.[1]	Singapore	Provision of treasury services	**100.0**	100.0
Keppel REIT (Australia) Pte. Ltd.[1]	Singapore	Investment holding	**100.0**	100.0
Keppel REIT Fin. Company Pte. Ltd.[1]	Singapore	Provision of treasury services	**100.0**	100.0
Ocean Properties LLP ("OPLLP")[1, 5]	Singapore	Property investment	**~79.9**	~79.9
Keppel REIT (Korea) Pte. Ltd.[1]	Singapore	Investment holding	**100.0**	–
Held through Keppel REIT (Australia) Pte. Ltd.				
Keppel REIT (S) Limited[2]	Bermuda	Investment holding	**100.0**	100.0
Keppel REIT (Australia) Trust[3]	Australia	Property investment	**100.0**	100.0
Keppel REIT (Australia) Sub-Trust 2[3]	Australia	Investment holding	**100.0**	100.0
Keppel REIT (Australia) Sub-Trust 3[3]	Australia	Investment holding	**100.0**	100.0
Keppel REIT (Australia) Sub-Trust 4[3]	Australia	Property investment	**100.0**	100.0
Keppel REIT (Australia) Sub-Trust 5[3]	Australia	Property investment	**100.0**	100.0

Name	Country of incorporation/ constitution	Principal activities	Effective equity interest 2019 %	2018 %
Held through Keppel REIT (Korea) Pte. Ltd.				
Keppel No. 4 Professional Investors' Private Real Estate Investment Limited Liability Company ("K4 LLC") [4]	South Korea	Property investment	~99.4%	–

1 Audited by PricewaterhouseCoopers LLP, Singapore.
2 There is no statutory requirement for the financial statements of Keppel REIT (S) Limited to be audited.
3 Audited by PricewaterhouseCoopers, Australia.
4 Audited by Samil PricewaterhouseCoopers, South Korea.
5 OPLLP owns Ocean Financial Centre. For the approximate 87.5% 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 87.5% equity interest in OPLLP for $1.00 at the expiry of the 99-year period after the acquisition date. Under the option deed, the Trust shall not dispose of its legal or beneficial interest in OPLLP to any person unless SPIPL's right of first refusal has lapsed. In addition, if any of certain specified events occur anytime during the 99 years after the acquisition date, SPIPL has the right to procure OPLLP to take the necessary steps to carve out and transfer a leasehold title of the remaining tenure to a special purpose vehicle owned by SPIPL and the non-controlling interest.

On 25 June 2012, the Trust acquired an additional equity interest in OPLLP of approximately 12.4% from a third party, Avan Investment Pte Ltd ("AIPL") for a period of 99 years from 14 December 2011. The acquisition increased the Group's interest in OPLLP from an approximate 87.5% to an approximate 99.9%. AIPL continues to hold a remaining equity interest of aproximately 0.1% in OPLLP (the "non-controlling interest"). The Trust also entered into an option deed pursuant to which AIPL shall have the right to acquire the approximate 12.4% interest in OPLLP for $1.00, such option to be exercisable only after expiry of a period of 99 years after 14 December 2011.

On 11 December 2018, the Trust divested a 20.0% equity interest in OPLLP to a third party, Allianz Real Estate. The Group recognised a gain on divestment of $7,388,000 in Unitholders' funds. The divestment decreased the Group's interest in OPLLP from an approximate 99.9% to an approximate 79.9%. The effect of changes in the ownership interest of OPLLP on Unitholders' funds in the prior year is summarised as follows:

	2018 $'000
Consideration received from Allianz Real Estate	439,272
Carrying amount of interests in subsidiary disposed of	(426,399)
Divestment expenses	(5,485)
Excess of consideration received recognised in Unitholders' funds	7,388

5. Investments in associates

	Group 2019 $'000	Group 2018 $'000	Trust 2019 $'000	Trust 2018 $'000
Unquoted equity, at cost	**2,023,195**	2,025,135	**2,023,195**	2,025,135
Share of post-acquisition reserves	**497,474**	513,528	**–**	–
	2,520,669	2,538,663	**2,023,195**	2,025,135

The movement in share of post-acquisition reserves is as follows:

	Group 2019 $'000	Group 2018 $'000
At 1 January	**513,528**	502,283
Share of results of associates		
- Profit excluding net change in fair value of investment properties	**77,897**	73,720
- Net change in fair value of investment properties (Note 26)	**(8,158)**	4,622
- Effects of recognising rental income on a straight-line basis over the lease terms	**(2,448)**	2,434
	67,291	80,776
Share of net change in fair value of cash flow hedges	**(5,472)**	4,462
Dividend and distribution income received	**(77,873)**	(73,993)
At 31 December	**497,474**	513,528

Details of the associates are as follows:

Name	Country of incorporation	Principal activities	Effective equity interest 2019 %	Effective equity interest 2018 %
One Raffles Quay Pte Ltd [1]	Singapore	Property development and investment	**33.3**	33.3
BFC Development LLP [2]	Singapore	Property development and investment	**33.3**	33.3
Central Boulevard Development Pte. Ltd. [3]	Singapore	Property development and investment	**33.3**	33.3

1 Audited by Ernst & Young LLP, Singapore.
One Raffles Quay Pte Ltd ("ORQPL") is the owner of One Raffles Quay.

2 Audited by Ernst & Young LLP, Singapore.
BFC Development LLP ("BFCDLLP") is the owner of Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall.

3 Audited by Ernst & Young LLP, Singapore.
Central Boulevard Development Pte. Ltd. ("CBDPL") is the owner of Marina Bay Financial Centre Tower 3.

The Group does not equity account for the results of Marina Bay Suites Pte. Ltd. ("MBSPL"), which is a wholly-owned subsidiary of CBDPL, as the acquisition of the one-third interest in CBDPL was structured to effectively exclude any interest in MBSPL.

A deed of undertaking was signed between Bayfront Development Pte. Ltd. (the "Vendor") and the Trust, whereby the Trust agrees not to participate in the financial and operating policy decisions in MBSPL and that it would exercise all voting rights and other rights and powers that it directly or indirectly has or controls in CBDPL and MBSPL in accordance with the written instructions of the Vendor on all matters arising from, relating to, or otherwise connected with MBSPL, and/or CBDPL's ownership of MBSPL.

The summarised financial information of the associates, excluding CBDPL's interest in MBSPL, and a reconciliation with the carrying amounts of the investments in the consolidated financial statements, are as follows:

	ORQPL		BFCDLLP		CBDPL	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000	**2019 $'000**	2018 $'000
Summarised Balance Sheet						
Current assets (including property held for sale)	**1,452,109**	1,444,189	**16,358**	20,148	**33,195**	26,781
Non-current assets	**1,651,379**	1,680,115	**5,055,125**	5,055,081	**3,844,254**	3,837,325
Total assets	**3,103,488**	3,124,304	**5,071,483**	5,075,229	**3,877,449**	3,864,106
Current liabilities	**(942,530)**	(34,645)	**(26,326)**	(25,319)	**(39,820)**	(1,643,984)
Non-current liabilities	**(175,663)**	(1,075,068)	**(1,744,570)**	(1,743,355)	**(1,662,654)**	(32,246)
Total liabilities	**(1,118,193)**	(1,109,713)	**(1,770,896)**	(1,768,674)	**(1,702,474)**	(1,676,230)
Net assets	**1,985,295**	2,014,591	**3,300,587**	3,306,555	**2,174,975**	2,187,876
Proportion of the Group's ownership	**33.3%**	33.3%	**33.3%**	33.3%	**33.3%**	33.3%
Group's share of net assets	**661,765**	671,530	**1,100,196**	1,102,185	**724,992**	729,292
Other adjustments	**13,734**	13,734	**5,060**	7,000	**14,922**	14,922
Carrying amount of the investment	**675,499**	685,264	**1,105,256**	1,109,185	**739,914**	744,214
Summarised Statement of Comprehensive Income						
Property income	**148,156**	147,138	**216,426**	209,285	**162,287**	145,799
Profit for the year	**33,438**	56,092	**96,530**	108,537	**71,905**	77,700
Other comprehensive income	**2,350**	4,818	**–**	–	**(18,766)**	8,568
Total comprehensive income	**35,788**	60,910	**96,530**	108,537	**53,139**	86,268

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

6. Investments in joint ventures

	Group	
	2019 $'000	2018 $'000
Unquoted equity, at cost	**313,527**	340,920
Share of post-acquisition reserves	**124,306**	130,771
	437,833	471,691

The movement in share of post-acquisition reserves is as follows:

	Group	
	2019 $'000	2018 $'000
At 1 January	**130,771**	119,810
Share of results of joint ventures		
- Profit excluding net change in fair value of investment properties	**28,525**	30,170
- Net change in fair value of investment properties (Note 26)	**4,643**	12,579
- Effects of recognising rental income on a straight-line basis over the lease terms	**(3,691)**	(4,478)
	29,477	38,271
Translation differences	**(10,407)**	(1,122)
Distribution received/receivable	**(25,535)**	(26,188)
At 31 December	**124,306**	130,771

Details of the joint ventures are as follows:

			Effective equity interest	
Name	**Country of incorporation**	**Principal activities**	**2019 %**	2018 %
Held through Keppel REIT (S) Limited				
Mirvac 8 Chifley Pty Limited [1]	Australia	Fund administration	**50.0**	50.0
Mirvac (Old Treasury) Pty Limited [1]	Australia	Fund administration	**50.0**	50.0
Held through Keppel REIT (Australia) Sub-Trust 2				
Mirvac 8 Chifley Trust ("M8CT") [2]	Australia	Investment in real estate properties	**50.0**	50.0
Held through Keppel REIT (Australia) Sub-Trust 3				
Mirvac (Old Treasury) Trust ("MOTT") [2]	Australia	Investment in real estate properties	**50.0**	50.0

[1] There is no statutory requirement for the financial statements to be audited.
[2] Audited by PricewaterhouseCoopers, Australia.

The summarised financial information of the joint ventures and a reconciliation with the carrying amounts of the investments in the consolidated financial statements, are as follows:

	M8CT		MOTT	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Summarised Balance Sheet				
Cash and bank balances	**1,323**	2,075	**4,582**	5,320
Other current assets	**1,316**	825	**2,346**	2,538
Non-current assets	**438,168**	491,804	**425,509**	437,748
Total assets	**440,807**	494,704	**432,437**	445,606
Current liabilities	**(2,709)**	(2,855)	**(5,979)**	(6,157)
Total liabilities	**(2,709)**	(2,855)	**(5,979)**	(6,157)
Net assets	**438,098**	491,849	**426,458**	439,449
Proportion of the Group's ownership	**50.0%**	50.0%	**50.0%**	50.0%
Group's share of net assets	**219,049**	245,925	**213,229**	219,725
Other adjustments	**3,087**	3,357	**2,468**	2,684
Carrying amount of the investment	**222,136**	249,282	**215,697**	222,409
Summarised Statement of Profit or Loss				
Property income	**30,610**	31,657	**38,679**	41,177
Interest income	**–**	–	**36**	39
Profit for the year	**10,912**	35,508	**48,042**	41,034

7. Amounts owing by subsidiaries (non-trade)

	Trust	
	2019 $'000	2018 $'000
Interest bearing	**708,905**	644,644
Non-interest bearing	**439,252**	310,442
	1,148,157	955,086

The amounts owing by subsidiaries are unsecured, to be settled in cash and not expected to be repaid within the next 12 months. As at 31 December 2019, amounts of $154,512,000 (2018: Nil) and $993,645,000 (2018: $955,086,000) are denominated in Singapore dollar and Australian dollar respectively.

The amounts denominated in Australian dollar are considered hedges against foreign exchange risk arising from a net investment in foreign operations. For the year ended 31 December 2019, a net unrealised loss of $82,769,000 (2018: $12,712,000) was recorded in the foreign currency translation reserve.

The interest bearing portions bear interest ranging from 5.2% to 9.5% (2018: 5.2% to 9.5%) per annum. The non-interest bearing portions are considered part of the Trust's net investment in certain subsidiaries and are accounted for in accordance with Note 2(i).

8. Advances to associates

Advances to associates are unsecured, not expected to be repaid within the next 12 months and carry interest at rates which are repriced every quarter at margins above the 3-month SGD swap-offer rate ("SOR"). They bore interest ranging from 3.74% to 5.46% (2018: 3.37% to 5.16%) per annum during the year.

The advances to associates are denominated in Singapore dollar.

9. Intangible asset

	Group		Trust	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Cost:				
At 1 January	**46,622**	46,622	**46,622**	46,622
Write-off	**(46,622)**	–	**(46,622)**	–
At 31 December	**–**	46,622	**–**	46,622
Accumulated amortisation:				
At 1 January	**44,073**	35,910	**44,073**	35,910
Amortisation expense	**2,549**	8,163	**2,549**	8,163
Write-off	**(46,622)**	–	**(46,622)**	–
At 31 December	**–**	44,073	**–**	44,073
Net carrying amount:				
At 31 December	**–**	2,549	**–**	2,549

Intangible asset represented the unamortised rental support top-up payments receivable by the Group for its one-third interest in CBDPL. The write-off of intangible asset in the current year pertained to fully amortised rental support top-up payments.

10. Trade and other receivables

	Group		Trust	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Trade receivables	**13,273**	10,305	**1,154**	1,004
Amounts due from subsidiaries (non-trade)	**–**	–	**19,303**	7,756
Amounts due from related companies (trade)	**–**	810	**–**	810
Amounts due from related companies (non-trade)	**–**	762	**–**	762
Amounts due from joint ventures (non-trade)	**2,084**	2,167	**–**	–
Interest receivable	**38**	160	**–**	154
Others	**765**	852	**840**	783
	16,160	15,056	**21,297**	11,269

Amounts due from subsidiaries, related companies and joint ventures are unsecured, interest-free, repayable on demand and are to be settled in cash.

As at 31 December 2019, the Group did not have trade and other receivables denominated in currencies other than the respective entities' functional currencies (2018: $21,000 denominated in Australian dollar).

Trade and other receivables of the Trust, denominated in currencies other than its functional currency, amounted to $4,404,000 (2018: $2,822,000). These balances are denominated in Australian dollar.

Receivables that are past due but not impaired

	Group		Trust	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Trade receivables past due but not impaired:				
Past due < 3 months	**4,104**	2,949	**–**	217
Past due 3 - 6 months	**382**	185	**–**	175
Past due > 6 months	**83**	15	**–**	–
	4,569	3,149	**–**	392

11. Cash and bank balances

	Group		Trust	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Cash and bank balances	**122,209**	116,278	**65,297**	90,309
Fixed deposits	**2,632**	142,646	**–**	141,146
	124,841	258,924	**65,297**	231,455
Less: Restricted cash and bank balances	**(11,071)**	(3,117)	**–**	(3,117)
Cash and cash equivalents	**113,770**	255,807	**65,297**	228,338

Cash at banks earned interest at floating rates based on daily bank deposit rates ranging from 0% to 1.60% (2018: 0% to 1.60%) per annum. Fixed deposits were made for a period of 365 days (2018: varying periods of 39 days and 91 days) depending on the cash requirements of the Group, and earned interest at the respective fixed deposit rates. The interest rates of fixed deposits ranged from 1.90% to 1.94% (2018: 1.60% to 2.10%) per annum.

Cash and bank balances of both the Group and the Trust, denominated in currencies other than the respective entities' functional currencies, amounted to $40,071,000 (2018: $48,160,000). These balances are denominated in Australian dollar.

12. Trade and other payables

	Group		Trust	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Trade payables	**4,752**	4,440	**749**	509
Accrued expenses	**15,613**	17,481	**2,492**	4,857
Other payables	**6,095**	16,917	**6,102**	16,917
Amounts due to subsidiaries (non-trade)	**–**	–	**1,156**	–
Amounts due to related companies:				
- trade	**20,914**	21,496	**20,176**	20,369
- non-trade	**–**	–	**–**	41
Other deposits	**297**	453	**–**	111
Interest payable	**5,214**	3,970	**1,177**	653
	52,885	64,757	**31,852**	43,457

Other payables mainly relate to estimated divestment expenses of $6,001,000 (2018: $5,485,000) on the divestment of Bugis Junction Towers and 20.0% equity interest in OPLLP.

In the prior year, other payables also included (i) estimated development costs of $3,751,000 to complete Phase 2 of Ocean Financial Centre of which the Group's proportionate share was withheld from the purchase consideration for the approximate 99.9% equity interest in OPLLP and (ii) estimated construction costs of $7,000,000 withheld from the purchase consideration for the acquisition of the one-third interest in BFCDLLP.

Included in the trade amounts due to related companies are amounts due to the Property Manager of $1,335,000 (2018: $1,183,000) and the Manager of $19,579,000 (2018: $20,313,000).

Amounts due to related companies are unsecured, interest-free and repayable on demand. These amounts are to be settled in cash except for management fees payable to the Manager which will be settled in the form of cash and/or Units (Note 1(b)).

As at 31 December 2019, the Group and the Trust did not have trade and other payables denominated in currencies other than the respective entities' functional currencies (2018: $16,000 denominated in Australian dollar).

13. Derivative financial instruments

		Group					
		2019 $'000			2018 $'000		
	Maturity	Contract/ Nominal amount	Assets	Liabilities	Contract/ Nominal amount	Assets	Liabilities
Derivatives whereby hedge accounting is applied							
Cash flow hedges							
Forward currency contracts	2020	**34,138**	**1,054**	**(6)**	28,885	30	(101)
Interest rate swaps	2020 – 2022	**1,054,508**	**–**	**(9,067)**	2,035,869	1,505	(6,010)
Derivatives whereby hedge accounting is not applied							
Interest rate swaps	2020 – 2021	**470,233**	**–**	**(3,508)**	275,000	–	(2,307)
Cross currency swap	2021	**99,790**	**–**	**(6,326)**	99,790	–	(3,397)
		1,658,669	**1,054**	**(18,907)**	2,439,544	1,535	(11,815)
Less: Current portion		**(436,138)**	**(1,054)**	**976**	(408,885)	(206)	230
Non-current portion		**1,222,531**	**–**	**(17,931)**	2,030,659	1,329	(11,585)
Percentage of derivative financial instruments to net asset value				**(0.35%)**			(0.19%)

		Trust					
		2019 $'000			2018 $'000		
	Maturity	Contract/ Nominal amount	Assets	Liabilities	Contract/ Nominal amount	Assets	Liabilities
Derivatives whereby hedge accounting is applied							
Cash flow hedges							
Forward currency contracts	2020	**32,213**	**1,054**	**–**	28,885	30	(101)
Interest rate swaps	2020 – 2022	**677,508**	**–**	**(6,945)**	1,658,869	868	(5,758)
Derivatives whereby hedge accounting is not applied							
Forward currency contracts	2020	**1,925**	**–**	**(6)**	–	–	–
Interest rate swaps	2020 – 2021	**470,233**	**–**	**(3,508)**	275,000	–	(2,307)
Cross currency swap	2021	**99,790**	**–**	**(6,326)**	99,790	–	(3,397)
		1,281,669	**1,054**	**(16,785)**	2,062,544	898	(11,563)
Less: Current portion		**(249,138)**	**(1,054)**	**650**	(408,885)	(206)	230
Non-current portion		**1,032,531**	**–**	**(16,135)**	1,653,659	692	(11,333)
Percentage of derivative financial instruments to net asset value				**(0.41%)**			(0.27%)

Hedging instruments used in the Group's hedging strategy, whereby hedge accounting is applied, are as follows:

2019

	Carrying Amount			Changes in fair value used for calculating hedge ineffectiveness			
	Contractual notional amount $'000	**Assets/ (Liabilities) $'000**	**Financial statement line item**	**Hedging instrument $'000**	**Hedged item $'000**	**Weighted average hedged rate**	**Maturity date**
Group							
Cash flow hedges							
Foreign exchange risk							
- Forward currency contracts	34,138	1,048	Derivative financial instruments	1,119	(1,119)	A$1: $0.96 KRW1,000: $1.156	2020
Interest rate risk							
- Interest rate swaps to hedge floating rate borrowings	1,054,508	(9,067)	Derivative financial instruments	(4,133)	4,133	SOR: 1.80% BBSW: 1.81%	2020 – 2022
Net investment hedge							
Foreign exchange risk							
- Borrowings to hedge net investment in foreign operations	–	(507,907)	Borrowings	25,518	(25,518)	A$1: $1.0174 KRW1,000: $1.159	2021 – 2024

	Carrying Amount			Changes in fair value used for calculating hedge ineffectiveness			
	Contractual notional amount $'000	**Assets/ (Liabilities) $'000**	**Financial statement line item**	**Hedging instrument $'000**	**Hedged item $'000**	**Weighted average hedged rate**	**Maturity date**
Trust							
Cash flow hedges							
Foreign exchange risk							
- Forward currency contracts	32,213	1,054	Derivative financial instruments	1,125	(1,125)	A$1: $0.96	2020
Interest rate risk							
- Interest rate swaps to hedge floating rate borrowings	677,508	(6,945)	Derivative financial instruments	(2,054)	2,054	SOR: 1.88% BBSW: 1.81%	2020 – 2022

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

13. Derivative financial instruments (continued)

2018

	Carrying Amount			Changes in fair value used for calculating hedge ineffectiveness			
	Contractual notional amount $'000	Assets/ (Liabilities) $'000	Financial statement line item	Hedging instrument $'000	Hedged item $'000	Weighted average hedged rate	Maturity date
Group							
Cash flow hedges							
Foreign exchange risk							
- Forward currency contracts	28,885	(71)	Derivative financial instruments	(1,246)	1,246	A$1: $1.0030	2019
Interest rate risk							
- Interest rate swaps to hedge floating rate borrowings	2,035,869	(4,505)	Derivative financial instruments	11,420	(11,420)	SOR: 1.88% BBSW: 2.09%	2019 – 2022
Net investment hedge							
Foreign exchange risk							
- Borrowings to hedge net investment in foreign operations	–	(265,874)	Borrowings	3,351	(3,351)	A$1: $1.0449	2021 – 2022

	Carrying Amount			Changes in fair value used for calculating hedge ineffectiveness			
	Contractual notional amount $'000	Assets/ (Liabilities) $'000	Financial statement line item	Hedging instrument $'000	Hedged item $'000	Weighted average hedged rate	Maturity date
Trust							
Cash flow hedges							
Foreign exchange risk							
- Forward currency contracts	28,885	(71)	Derivative financial instruments	(1,246)	1,246	A$1: $1.0030	2019
Interest rate risk							
- Interest rate swaps to hedge floating rate borrowings	1,658,869	(4,890)	Derivative financial instruments	8,839	(8,839)	SOR: 1.92% BBSW: 2.09%	2019 – 2022

Forward currency contracts

Forward currency contracts are used to hedge foreign currency risk arising from the cash flows of the Group's investments in Australia and South Korea.

The Group designates these forward currency contracts as cash flow hedges which were assessed to be highly effective. A net unrealised gain of $1,119,000 (2018: net unrealised loss of $1,246,000) was included in hedging reserve in Unitholders' funds in respect of these contracts.

Interest rate swaps

Interest rate swaps are used to hedge interest rate risk arising from the underlying floating interest rates of the respective bank loans. Under the interest rate swaps, the Group receives floating interest equal to SOR and A$ bank bill swap rate ("BBSW") at specific contracted intervals and pays fixed rates of interest ranging from 1.54% to 2.48% (2018: 1.41% to 2.48%) per annum.

The Group designates most interest rate swaps as cash flow hedges which were assessed to be highly effective. A net unrealised loss of $4,133,000 (2018: net unrealised gain of $11,420,000) was included in hedging reserve in Unitholders' funds in respect of these contracts. A fair value loss of $1,201,000 (2018: $490,000) was recognised in profit or loss as the interest rate swaps were not designated as hedging instruments.

Cross currency swap

Cross currency swap is used to hedge foreign currency risk arising from cash flow payments for an Australian dollar denominated loan. Under the cross currency swap, the Group receives a fixed SGD amount and pays a fixed A$ amount at inception of the loan, and vice versa upon maturity of the loan. The Group receives floating interest equal to BBSW at specific contract intervals and pays floating interest equal to SOR. A fair value loss of $2,929,000 (2018: $7,587,000) was recognised in profit or loss as the cross currency swap was not designated as a hedging instrument.

14. Income received in advance

Income received in advance comprises mainly rental income received in advance for certain of the Group's investment properties. In the prior year, this also comprised rental support.

15. Borrowings

			Group	
	Interest rate range	**Maturity**	**2019 $'000**	**2018 $'000**
Current:				
Bank loans (unsecured) [1]	2.30%	2020		
	(2018: 3.04%)	(2018: 2019)	**99,924**	59,943
Non-current:				
Bank loans [1]	2.31% – 2.75%	2024 – 2025	**620,067**	–
Revolving loans [2]	2.49% – 2.77%	2020	**–**	245,111
Borrowings (secured)			**620,067**	245,111
Bank loans [1]	1.89% – 2.51%	2021 – 2023		
	(2018: 2.47% – 3.07%)	(2018: 2020 – 2023)	**648,803**	1,338,760
Revolving loans [2]	2.06% – 2.41%	2022 – 2024		
	(2018: 2.59% – 3.23%)	(2018: 2021 – 2024)	**438,939**	516,890
Medium term notes [3]	3.15% – 3.275%	2022 – 2024	**125,000**	125,000
Convertible bonds (Note 16)	1.90%	2024	**188,731**	–
Borrowings (unsecured)			**1,401,473**	1,980,650
Total borrowings			**2,121,464**	2,285,704
Percentage of total borrowings to net asset value			**41.1%**	42.8%

15. Borrowings (continued)

	Interest rate range	Maturity	Trust 2019 $'000	Trust 2018 $'000
Current:				
Bank loans (unsecured)	3.04%	2019	–	59,943
Non-current:				
Revolving loans	2.49% – 2.77%	2020	–	245,111
Borrowings (secured)			–	245,111
Bank loans	2.36% (2018: 2.49%)	2023 (2018: 2023)	63,879	63,847
Convertible bonds (Note 16)	1.90%	2024	188,731	–
Borrowings from subsidiaries [4]	2.06% – 3.275% (2018: 2.47% – 3.275%)		1,250,977	1,450,875
Borrowings (unsecured)			1,503,587	1,514,722
Total borrowings			1,503,587	1,819,776
Percentage of total borrowings to net asset value			39.6%	46.1%

[1] Bank loans amounting to $620,067,000 are secured by mortgage over certain investment properties of the Group (Note 3). The loans are repayable upon maturity.

Bank loans amounting to $150,363,000 (2018: Nil) are on a fixed interest rate of 2.75% per annum. The Group has entered into interest rate swaps (Note 13) to hedge $1,010,112,000 (2018: $1,183,710,000) of the bank loans that are on floating interest rates.

[2] The Group has entered into interest rate swaps (Note 13) to hedge $326,875,000 (2018: $699,674,000) of the revolving loans that are on floating interest rates.

In the prior year, revolving loans amounting to $245,111,000 were secured by mortgage over an investment property of the Group (Note 3). The loans were repaid upon divestment of the investment property.

[3] On 11 February 2015, Keppel REIT MTN Pte. Ltd. issued $50,000,000 of medium term notes due in 2022 through the multicurrency debt issuance programme, at a fixed coupon rate of 3.15% per annum.

On 6 April 2018, Keppel REIT MTN Pte. Ltd. issued $75,000,000 of medium term notes due in 2024 through the multicurrency debt issuance programme, at a fixed coupon rate of 3.275% per annum.

[4] Borrowings from subsidiaries are not due for repayment within the next 12 months.

Borrowings of both the Group and the Trust denominated in currencies other than the respective entities' functional currencies amounted to $355,539,000 (2018: $265,153,000). These balances are denominated in Australian dollar.

For the current portion of borrowings, the Group has received commitments from banks to refinance these borrowings when they fall due.

As at 31 December 2019, the Group had unutilised facilities of $988,966,000 (2018: $905,159,000) available to meet its future obligations.

16. Convertible bonds

On 10 April 2019, the Trust issued $200,000,000 in principal amount of 1.90% convertible bonds due 2024, denominated in Singapore dollar.

The convertible bonds may be converted into Units of the Trust at the option of the convertible bond holder at the prevailing conversion price from 21 May 2019, up to the close of business on 31 March 2024 or, if redeemed prior to 31 March 2024, no later than seven business days prior to the date fixed for redemption. Unless previously redeemed, converted or purchased and cancelled, the convertible bonds will be redeemed five years from the issue date on 10 April 2024 at 100% of its nominal value together with accrued interest.

The convertible bonds may also be redeemed, in whole or in part, at the option of the Trustee at any time after 10 April 2022 but not less than seven business days prior to the maturity date on 10 April 2024 (subject to satisfaction of certain conditions).

On the date of issuance, the initial conversion price was $1.4625 per Unit and is subject to adjustments under certain events set out in the Trust Deed for the convertible bonds.

On 27 November 2019, the conversion price was adjusted from the initial conversion price of $1.4625 per Unit to the current conversion price of $1.4441 per Unit based on the terms and conditions in the Trust Deed for the convertible bonds. On 22 January 2020, the Manager announced that the conversion price will be further adjusted to $1.4278 with effect from 28 February 2020, subsequent to the distribution payment for the period from 1 October 2019 to 31 December 2019.

The fair value of the liability component, included in non-current borrowings, is calculated using a market interest rate for an equivalent non-convertible bond at the date of issue. The residual amount, representing the value of the equity conversion component, is included within Unitholders' funds.

The carrying amount of the liability component of the convertible bonds at the balance sheet date is derived as follows:

	2019 $'000
Group and Trust	
Nominal value of convertible bonds at issuance	200,000
Equity conversion component on initial recognition	(11,037)
Liability component on initial recognition	188,963
Interest accretion	1,502
Unamortised portion of issue expenses	(1,734)
At 31 December	188,731

17. Deferred tax liabilities

Movement in deferred tax liabilities is as follows:

	Group	
	2019 $'000	2018 $'000
Investment properties		
At 1 January	50,038	44,026
Translation differences	(4,171)	(579)
Tax charged to Consolidated Statement of Profit or Loss (Note 27)	5,566	6,591
At 31 December	51,433	50,038

Deferred tax liabilities are expected to be settled after one year from the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

18. Units in issue, treasury units and perpetual securities

(a) Units in issue

Group and Trust	No. of units Units in issue '000	No. of units Treasury units '000	Amount Units in issue $'000	Amount Treasury units $'000
At 1 January 2019	**3,393,399**	**–**	**3,557,767**	**–**
Issue of Units:				
- Payment of management fees in Units	**40,456**	**–**	**49,350**	**–**
Purchase of Units	**–**	**(67,055)**	**–**	**(82,134)**
Cancellation of treasury units	**(67,055)**	**67,055**	**(82,134)**	**82,134**
At 31 December 2019	**3,366,800**	**–**	**3,524,983**	**–**
At 1 January 2018	3,370,734	–	3,530,732	–
Issue of Units:				
- Payment of management fees in Units	42,987	–	51,498	–
- Distribution Reinvestment Plan ("DRP")	7,956	–	9,707	–
Distribution to Unitholders	–	–	(1,348)	–
Purchase of Units	–	(28,278)	–	(32,822)
Cancellation of treasury units	(28,278)	28,278	(32,822)	32,822
At 31 December 2018	3,393,399	–	3,557,767	–

During the year, 40,456,154 (2018: 42,986,667) Units were issued at unit prices ranging from $1.1695 to $1.2580 (2018: $1.1082 to $1.2501) as payment of management fees to the Manager.

In the prior year, 7,955,743 Units were issued at unit prices ranging from $1.1864 to $1.2656 pursuant to the DRP where Unitholders have the option to receive their distribution in Units instead of cash or a combination of Units and cash.

Each Unit represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- receive income and other distributions attributable to the Units held;
- participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to transfer to it any assets (or part thereof) or of any estate or interest in any asset (or part thereof) of the Trust; and
- attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or Unitholders representing not less than 10% of the issued Units of the Scheme) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed.

The restrictions of a Unitholder include, *inter alia*, the following:

- a Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and
- a Unitholder has no right to request the Manager to repurchase or redeem his or her Units while the Units are listed on SGX-ST.

The Trust Deed contains provisions designed to limit the liability of a Unitholder to the amount paid or payable for any Unit, and to ensure that no Unitholder, by reason alone of being a Unitholder, will be personally liable to indemnify the Trustee or any creditor of the Group in the event that the liabilities of the Group exceed its assets, if the issue price of the Units held by that Unitholder has been fully paid.

(b) Treasury units

The Manager continued its Unit buy-back programme following Unitholders' approval of the Unit buy-back mandate at the last annual general meeting.

During the year, 67,054,972 (2018: 28,277,800) Units were purchased at unit prices ranging from $1.17 to $1.27 (2018: $1.12 to $1.19) from the open market and subsequently cancelled.

(c) Perpetual securities

On 2 November 2015, the Trust issued $150,000,000 of subordinated perpetual securities at a fixed rate of 4.98% per annum, with the first distribution rate reset falling on 2 November 2020 and subsequent resets occurring every five years thereafter. The perpetual securities have no fixed redemption date and redemption is at the option of the Trust in accordance with the terms of issue of the securities. The distribution is payable semi-annually at the discretion of the Trust and is non-cumulative.

In terms of distribution payments or in the event of winding-up of the Trust:

- These perpetual securities rank pari passu with the holders of preferred units (if any) and rank ahead of the Unitholders of the Trust, but junior to the claims of all other present and future creditors of the Trust.

- The Trust shall not declare or pay any distribution to the Unitholders, or make redemption, unless the Trust declares or pays any distribution to the perpetual securities holders.

These perpetual securities are classified as equity instruments and recorded in equity in the Statements of Movements in Unitholders' Funds. The $149,701,000 (2018: $149,701,000) presented on the Balance Sheets represent the $150,000,000 (2018: $150,000,000) perpetual securities issued net of issue expenses, and include the profit attributable to perpetual securities holders from the last distribution date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

19. Non-controlling interests

Material non-controlling interests ("NCI") of the Group are as follows:

	NCI percentage of ownership interest and voting interest		Carrying amount of NCI	
	2019 %	2018 %	**2019 $'000**	2018 $'000
Ocean Properties LLP	**~20.1**	~20.1	**428,234**	428,610

Summarised financial information before inter-group elimination:

	Ocean Properties LLP	
	2019 $'000	2018 $'000
Non-current assets	**2,820,087**	2,781,727
Current assets	**24,174**	12,546
Non-current liabilities	**(494,843)**	(491,654)
Current liabilities	**(28,859)**	(17,804)
Net assets	**2,320,559**	2,284,815
Revenue	**103,809**	114,002
Profit for the year	**108,647**	92,141
Other comprehensive income	**(2,507)**	2,024
Total comprehensive income	**106,140**	94,165
Total comprehensive income attributable to NCI	**13,774**	960
Distribution of partnership profits to NCI	**(14,149)**	(882)
Net cash flows provided by operating activities	**79,922**	91,600
Net cash flows provided by/(used in) investing activities	**53**	(32)
Net cash flows used in financing activities	**(70,053)**	(98,692)

20. Reserves

(a) Hedging reserve

	Group				
	2019				2018
	Interest rate risk $'000	Foreign exchange risk $'000	Hedging reserves of associates $'000	Total $'000	Total $'000
At 1 January	(4,507)	(71)	(1,257)	(5,835)	(20,471)
Fair value (losses)/gains	(5,225)	2,681	–	(2,544)	3,670
Reclassification to profit or loss, as hedged item has affected profit or loss					
- Trust expenses	–	(1,562)	–	(1,562)	(795)
- Borrowing costs	666	–	–	666	7,301
Share of associates' fair value (losses)/gains	–	–	(5,472)	(5,472)	4,462
Less: Non-controlling interests	426	–	–	426	(2)
	(4,133)	1,119	(5,472)	(8,486)	14,636
At 31 December	(8,640)	1,048	(6,729)	(14,321)	(5,835)

	Trust			
	2019			2018
	Interest rate risk $'000	Foreign exchange risk $'000	Total $'000	Total $'000
At 1 January	(4,890)	(71)	(4,961)	(12,554)
Fair value (losses)/gains	(3,339)	2,679	(660)	2,302
Reclassification to profit or loss, as hedged item has affected profit or loss				
- Trust expenses	–	(1,554)	(1,554)	(795)
- Borrowing costs	1,285	–	1,285	6,086
	(2,054)	1,125	(929)	7,593
At 31 December	(6,944)	1,054	(5,890)	(4,961)

(b) Foreign currency translation reserve

	Group	
	2019 $'000	2018 $'000
At 1 January	(46,418)	(34,808)
Net currency translation differences of financial statements of foreign subsidiaries and joint ventures	(16,609)	(2,249)
Net currency translation differences on hedging instruments designated as net investment hedge of foreign operations	(57,251)	(9,361)
Less: Non-controlling interest	3	–
	(73,857)	(11,610)
At 31 December	(120,275)	(46,418)

As at 31 December 2019, losses of $94,484,000 (2018: $37,233,000) recorded in the foreign currency translation reserve relate to continuing hedges. None of the foreign currency translation reserve relates to hedging relationships for which hedge accounting is no longer applied.

20. Reserves (continued)

(c) Other reserves

	Group			
	2019			2018
	Discount on acquisition of non-controlling interest $'000	Equity component of convertible bonds $'000	Total $'000	Total $'000
At 1 January	3,222	–	3,222	3,222
Issuance of convertible bonds	–	11,037	11,037	–
At 31 December	3,222	11,037	14,259	3,222

	Trust		
	2019		2018
	Equity component of convertible bonds $'000	Total $'000	Total $'000
At 1 January	–	–	–
Issuance of convertible bonds	11,037	11,037	–
At 31 December	11,037	11,037	–

21. Property income

	Group	
	2019 $'000	2018 $'000
Gross rent	155,266	146,995
Car park income	3,625	3,542
Others	5,162	15,321
	164,053	165,858

22. Property expenses

	Group	
	2019 $'000	2018 $'000
Property tax	12,326	10,654
Property management fee	4,852	4,419
Property management reimbursements	1,866	1,908
Marketing expenses	2,056	1,477
Utilities	3,286	2,949
Maintenance	9,517	9,957
Other property expenses	1,251	1,339
	35,154	32,703

23. Rental support

Rental support relates to top-up payments from the vendor in respect of the Group's one-third interest in CBDPL, which holds MBFC Tower 3.

24. Trust expenses

	Group	
	2019 $'000	2018 $'000
Manager's base fees	**40,018**	42,610
Manager's performance fees	**8,142**	8,653
Trustees' fees	**1,701**	1,695
Auditor's remuneration	**336**	271
Professional fees	**3,490**	674
Acquisition expenses written off	**5,308**	–
Other trust expenses	**390**	474
	59,385	54,377

For the financial years ended 31 December 2019 and 2018, the Manager has elected to receive 100% of base fees and performance fees earned in Units.

25. Borrowing costs

	Group	
	2019 $'000	2018 $'000
Interest expense on borrowings	**61,564**	66,679
Amortisation of capitalised transaction costs	**2,899**	2,405
	64,463	69,084

26. Net change in fair value of investment properties

	Group	
	2019 $'000	2018 $'000
Investment properties held directly by the Group (Note 3)	**20,897**	23,819
Investment properties held by associates (Note 5)	**(8,158)**	4,622
Investment properties held by joint ventures (Note 6)	**4,643**	12,579
Effects of recognising rental income on a straight-line basis over the lease terms	**(13,555)**	(7,853)
	3,827	33,167

27. Income tax expense

	Group 2019 $'000	Group 2018 $'000
Singapore current tax:		
- current year	**398**	1,293
- over provision in respect of previous financial years	**(99)**	(110)
Overseas deferred tax:		
- current year	**5,566**	6,591
Overseas withholding tax:		
- current year	**5,482**	4,583
- over provision in respect of previous financial years	**–**	(2,121)
	11,347	10,236
Reconciliation of effective tax:		
Profit before tax	**153,017**	164,824
Income tax using Singapore tax rate of 17% (2018: 17%)	**26,013**	28,020
Effects of:		
- expenses not deductible for tax purposes	**14,260**	12,244
- income not subject to tax	**(21,167)**	(17,873)
- effects of tax rates in foreign jurisdictions	**3,155**	614
- tax transparency	**(16,297)**	(15,121)
- over provision in respect of previous financial years	**(99)**	(2,231)
- withholding tax	**5,482**	4,583
Income tax expense recognised in Consolidated Statement of Profit or Loss	**11,347**	10,236

28. Earnings per unit

The basic earnings per Unit is calculated by dividing profit for the year attributable to Unitholders against the weighted average number of Units in issue during the financial year.

	Group	
	2019 $'000	2018 $'000
Profit for the year attributable to Unitholders	**119,930**	146,160
Profit for the year attributable to Unitholders and excluding gain on divestment of investment property, net change in fair value of investment properties and related tax expense	**103,675**	117,539
	No. of Units '000	No. of Units '000
Weighted average number of Units in issue during the financial year	**3,397,145**	3,397,637
Basic earnings per Unit based on:		
- Profit for the year attributable to Unitholders	**3.53 cents**	4.30 cents
- Profit for the year attributable to Unitholders and excluding gain on divestment of investment property, net change in fair value of investment properties and related tax expense	**3.05 cents**	3.46 cents

The diluted earnings per Unit is calculated by dividing adjusted profit for the year attributable to Unitholders against the weighted average number of Units in issue (diluted) during the financial year.

	Group	
	2019 $'000	2018 $'000
Profit for the year attributable to Unitholders	**119,930**	146,160
Add: Interest expense on convertible bonds	**1,878**	–
Adjusted profit for the year attributable to Unitholders	**121,808**	146,160
Profit for the year attributable to Unitholders and excluding gain on divestment of investment property, net change in fair value of investment properties and related tax expense	**103,675**	117,539
Add: Interest expense on convertible bonds	**1,878**	–
Adjusted profit for the year attributable to Unitholders and excluding gain on divestment of investment property, net change in fair value of investment properties and related tax expense	**105,553**	117,539
	No. of Units '000	No. of Units '000
Weighted average number of Units in issue during the financial year	**3,397,145**	3,397,637
Effects of potential dilutive Units arising from the assumed conversion of outstanding convertible bonds to Units	**85,373**	–
Weighted average number of Units in issue during the financial year (diluted)	**3,482,518**	3,397,637
Diluted earnings per Unit based on:		
- Adjusted profit for the year attributable to Unitholders	**3.50 cents**	4.30 cents
- Adjusted profit for the year attributable to Unitholders and excluding gain on divestment of investment property, net change in fair value of investment properties and related tax expense	**3.03 cents**	3.46 cents

29. Significant related party transactions

During the financial year, other than those disclosed elsewhere in the financial statements, the following significant related party transactions took place at terms agreed between the parties:

	Group	
	2019 $'000	2018 $'000
Acquisition fee paid to the Manager	**2,933**	–
Divestment fee paid to the Manager	**2,738**	2,686
Trustee's fees	**1,232**	1,278
Property and asset management fees and reimbursements paid/payable to related companies	**6,014**	6,092
Property tax recovered/recoverable from related companies	**62**	–
Leasing commissions paid/payable to a related company	**2,975**	1,779
Service fees paid/payable to a related company	**181**	250
Rental income and other related income from related companies	**2,198**	6,781
Interest income received from associates	**25,224**	23,193
Rental support received from a related company	**2,690**	8,615
Electricity supply provided by a related company	**3,568**	3,381
(Receipt of)/payment on adjustment to one-third interest in an associate	**(457)**	333
Reimbursement of development costs for one-third interest in an associate	**–**	757
Settlement of accrued development costs for the approximate 87.5% interest in a subsidiary	**3,879**	–
Settlement of accrued development costs for one-third interest in an associate	**5,516**	–
Entry into a joint venture agreement in connection with the acquisition of a subsidiary	**154,628**	–
Purchase of services from a related company	**195**	–

30. Financial risk management objectives and policies

The Group is exposed to credit, interest rate, liquidity, foreign currency and operational risks in the normal course of its business. Assessment of financial risks is carried out regularly by the Manager.

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

(a) Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Credit assessments on prospective tenants are carried out by way of evaluation of information from corporate searches and conducted prior to the signing of lease agreements. Security deposits are collected from tenants, and the Group's tenant trade sector mix in its property portfolio is actively monitored and managed to avoid excessive exposure to any one potentially volatile trade sector.

The Manager has ensured that appropriate terms and/or credit controls are stipulated in the agreements to ensure that the counterparty fulfils its obligations.

In measuring the lifetime expected credit loss allowance for trade and other receivables, debtors are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the debtor to settle the receivables. Impaired receivables (net of security deposits and bank guarantees) are provided for when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where such receivables are provided for, the Manager continues to engage in enforcement activity to attempt to recover these receivables due. Where recoveries are made, these are recognised in profit or loss.

Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the Balance Sheets.

Credit risk concentration profile
At the reporting date, approximately 13% (2018: 25%) of the Group's trade and other receivables were due from related companies and joint ventures. Concentration of credit risk relating to trade receivables is limited due to the Group's many and varied tenants. The tenants are engaged in diversified businesses and are of good quality and strong credit standing.

Financial assets that are neither past due nor impaired
Trade and other receivables and advances to associates that are neither past due nor impaired relate to creditworthy debtors and counterparties with good payment record. Cash and bank balances are placed and derivative financial instruments are entered into with financial institutions with good credit ratings.

(b) Interest rate risk
The Group's exposure to changes in interest rates arises primarily from its interest earning financial assets and interest bearing financial liabilities.

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

The Group manages interest costs using a mix of fixed and floating rate debts. The details of the interest rates relating to interest earning financial assets and interest bearing financial liabilities are disclosed in Notes 8, 11 and 15 respectively.

Sensitivity analysis
At the reporting date, if the interest rates had been 0.1% (2018: 0.1%) per annum higher/lower with all other variables constant, the Group's profit before tax would have been $196,000 (2018: $19,000) lower/higher, and the Group's hedging reserve would have been $1,540,000 (2018: $3,791,000) lower/higher, arising mainly as a result of an increase/decrease in the fair value of interest rate swaps designated as cash flow hedges.

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

The table below summarises the financial liabilities of the Group and the Trust and their maturity profile at the reporting date based on contractual undiscounted repayment obligations.

	2019				2018			
Group	**1 year or less $'000**	**> 1 year to 5 years $'000**	**> 5 years $'000**	**Total $'000**	1 year or less $'000	> 1 year to 5 years $'000	> 5 years $'000	Total $'000
Trade and other payables	**52,885**	**–**	**–**	**52,885**	64,757	–	–	64,757
Derivative financial instruments:								
– Interest rate swaps (settled net)	**4,375**	**3,491**	**–**	**7,866**	3,161	3,811	–	6,972
– Cross currency swap (settled net)	**779**	**5,879**	**–**	**6,658**	(131)	3,511	–	3,380
– Forward currency contracts (gross payments)	**31,104**	**–**	**–**	**31,104**	29,004	–	–	29,004
– Forward currency contracts (gross receipts)	**(32,213)**	**–**	**–**	**(32,213)**	(28,885)	–	–	(28,885)
– Forward currency contracts (settled net)	**4**	**–**	**–**	**4**	–	–	–	–
Security deposits	**4,397**	**33,553**	**1,436**	**39,386**	4,933	18,567	8,748	32,248
Borrowings	**148,913**	**2,170,891**	**–**	**2,319,804**	124,179	2,198,409	177,169	2,499,757
	210,244	**2,213,814**	**1,436**	**2,425,494**	197,018	2,224,298	185,917	2,607,233

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

30. Financial risk management objectives and policies (continued)

(c) Liquidity risk (continued)

Trust	2019 1 year or less $'000	2019 > 1 year to 5 years $'000	2019 > 5 years $'000	2019 Total $'000	2018 1 year or less $'000	2018 > 1 year to 5 years $'000	2018 > 5 years $'000	2018 Total $'000
Trade and other payables	31,852	–	–	31,852	43,457	–	–	43,457
Derivative financial instruments:								
– Interest rate swaps (settled net)	3,816	2,960	–	6,776	3,305	4,099	–	7,404
– Cross currency swap (settled net)	779	5,879	–	6,658	(131)	3,511	–	3,380
– Forward currency contracts (gross payments)	31,104	–	–	31,104	29,004	–	–	29,004
– Forward currency contracts (gross receipts)	(32,213)	–	–	(32,213)	(28,885)	–	–	(28,885)
– Forward currency contracts (settled net)	4	–	–	4	–	–	–	–
Security deposits	–	–	–	–	1,616	2,423	1,785	5,824
Borrowings	133,905	1,486,804	–	1,620,709	110,613	1,700,338	177,169	1,988,120
	169,247	1,495,643	–	1,664,890	158,979	1,710,371	178,954	2,048,304

(d) Foreign currency risk

Foreign currency risk arises when transactions are denominated in currencies other than the respective functional currencies of the various entities in the Group and impact the Group's net assets and profit for the year.

The Group's foreign currency risk relates mainly to the exposure from its investments in Australia and South Korea, and the regular distributable income and interest income from these investments. The Manager monitors the Group's foreign currency exposure on an on-going basis and will manage its exposure to adverse movements in foreign currency exchange rates through financial instruments or other suitable financial products.

The Group has outstanding forward currency contracts with notional amounts totalling $34,138,000 (2018: $28,885,000) (Note 13). As at the reporting date, net financial derivative assets of $1,048,000 (2018: liabilities of $71,000) were recorded on the Balance Sheets based on the net fair value of these forward exchange contracts.

The Group has an outstanding cross currency swap with a notional amount of $99,790,000 (2018: $99,790,000) (Note 13). As at the reporting date, a derivative liability of $6,326,000 (2018: $3,397,000) was recorded on the Balance Sheets based on the net fair value of the cross currency swap.

Sensitivity analysis

At the reporting date, if the Australian dollar strengthened/weakened against the Singapore dollar by 5% (2018: 5%) with all other variables constant, the Group's profit before tax would have been $2,022,000 (2018: $2,408,000) higher/lower, and the Group's hedging reserve would have been $1,558,000 (2018: $1,448,000) lower/higher.

If the Korean Won strengthened/weakened against the Singapore dollar by 5% with all other variables constant, the Group's hedging reserve would have been $96,000 lower/higher. There is no significant impact on the Group's profit before tax.

31. Capital management

The primary objective of the Group's capital management is to optimise the Group's funding structure and ensure that it maintains a healthy aggregate leverage.

Under the Property Funds Appendix of the CIS Code, the aggregate leverage should not exceed 45.0% of the Group's deposited properties.

The Group's capital is represented by its Unitholders' funds as disclosed in the Balance Sheets. The Group constantly monitors capital using the aggregate leverage, which is total gross borrowings divided by the value of its deposited properties. The value of the deposited properties refers to the value of the property fund's total assets (excluding restricted cash and bank balances) based on the latest valuation. At the balance sheet date, the Group has gross borrowings (including the Group's respective share of external borrowings carried at ORQPL and CBDPL) totalling $2,878,731,000 (2018: $3,043,816,000) and an aggregate leverage of 35.8% (2018: 36.3%).

32. Fair value of assets and liabilities

(a) Fair value hierarchy

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction other than in a forced or liquidation sale.

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

(i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can assess at the measurement date;
(ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
(iii) Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in their entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group 2019 $'000		
	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets			
Derivative financial instruments:			
- Forward currency contracts	1,054	–	1,054
Financial assets as at 31 December 2019	1,054	–	1,054
Financial liabilities			
Derivative financial instruments:			
- Forward currency contracts	(6)	–	(6)
- Interest rate swaps	(12,575)	–	(12,575)
- Cross currency swap	(6,326)	–	(6,326)
Financial liabilities as at 31 December 2019	(18,907)	–	(18,907)
Non-financial assets			
Investment properties	–	3,730,320	3,730,320
Non-financial assets as at 31 December 2019	–	3,730,320	3,730,320

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2019

32. Fair value of assets and liabilities (continued)

(b) Assets and liabilities measured at fair value (continued)

	Group 2018 $'000		
	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets			
Derivative financial instruments:			
- Forward currency contracts	30	–	30
- Interest rate swaps	1,505	–	1,505
Financial assets as at 31 December 2018	1,535	–	1,535
Financial liabilities			
Derivative financial instruments:			
- Forward currency contracts	(101)	–	(101)
- Interest rate swaps	(8,317)	–	(8,317)
- Cross currency swap	(3,397)	–	(3,397)
Financial liabilities as at 31 December 2018	(11,815)	–	(11,815)
Non-financial assets			
Investment properties	–	3,879,956	3,879,956
Non-financial assets as at 31 December 2018	–	3,879,956	3,879,956

	Trust 2019 $'000		
	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets			
Derivative financial instruments:			
- Forward currency contracts	1,054	–	1,054
Financial assets as at 31 December 2019	1,054	–	1,054
Financial liabilities			
Derivative financial instruments:			
- Forward currency contracts	(6)	–	(6)
- Interest rate swaps	(10,453)	–	(10,453)
- Cross currency swap	(6,326)	–	(6,326)
Financial liabilities as at 31 December 2019	(16,785)	–	(16,785)

	Trust		
	2018 $'000		
	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets			
Derivative financial instruments:			
- Forward currency contracts	30	–	30
- Interest rate swaps	868	–	868
Financial assets as at 31 December 2018	898	–	898
Financial liabilities			
Derivative financial instruments:			
- Forward currency contracts	(101)	–	(101)
- Interest rate swaps	(8,065)	–	(8,065)
- Cross currency swap	(3,397)	–	(3,397)
Financial liabilities as at 31 December 2018	(11,563)	–	(11,563)
Non-financial assets			
Investment properties	–	515,000	515,000
Non-financial assets as at 31 December 2018	–	515,000	515,000

(c) Level 2 fair value measurements

Forward currency contracts, interest rate swaps and cross currency swap are valued using valuation techniques with market observable inputs. The most frequently applied valuation technique includes forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

32. Fair value of assets and liabilities (continued)

(d) Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3 of the fair value hierarchy.

Description	Fair value as at 31 December 2019 $'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties	3,730,320	Capitalisation approach	Capitalisation rate	3.50% - 5.00%	The higher the rate, the lower the fair value
		Discounted cash flows analysis	Discount rate	6.00% - 6.50%	The higher the rate, the lower the fair value
		Direct comparison method	Transacted prices of comparable properties	$405/sf - $3,704/sf	The higher the price, the higher the fair value

Description	Fair value as at 31 December 2018 $'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties	3,879,956	Capitalisation approach	Capitalisation rate	3.60% - 5.25%	The higher the rate, the lower the fair value
		Discounted cash flows analysis	Discount rate	6.00% - 6.80%	The higher the rate, the lower the fair value
		Direct comparison method	Transacted prices of comparable properties	$600/sf - $8,200/sf	The higher the price, the higher the fair value

The investment properties categorised under Level 3 of the fair value hierarchy are generally sensitive to the various unobservable inputs tabled above. A significant movement of each input would result in a significant change to the fair value of the respective investment properties.

The Group assesses the fair value of investment properties on a yearly basis.

(ii) Valuation policies and procedures

The Group engages external, independent and qualified valuers to determine the fair value of the Group's investment properties at the end of every financial year.

The Manager is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge of valuation of investment properties. In accordance to the CIS Code, the Group rotates the independent valuers every two years.

Management reviews the appropriateness of the valuation methodologies and assumptions adopted by the external valuers.

Significant changes in fair value measurements from period to period are evaluated by management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent external sources, or internal sources if necessary and appropriate. Significant valuation issues are reported to the Audit and Risk Committee.

(e) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The Manager has determined that the carrying amounts of cash and bank balances, trade and other receivables, trade and other payables, security deposits and current borrowings reasonably approximate their fair values. The carrying amounts of advances to associates and floating rate borrowings reasonably approximate their fair values because they are floating rate instruments that are repriced to market interest rates on or near the end of the reporting period.

The fair values of non-current fixed-rate borrowings as at 31 December 2019 and 31 December 2018 are as stated below. They are estimated using discounted cash flows analyses based on current rates for similar types of borrowing arrangements.

	2019		2018	
Group	**Carrying value $'000**	**Fair value $'000**	Carrying value $'000	Fair value $'000
Borrowings (non-current)	**464,094**	**467,180**	125,000	125,327
Trust				
Borrowings (non-current)	**313,731**	**318,100**	125,000	125,327

Fair value information has not been disclosed for the Trust's interest bearing amounts owing by subsidiaries that are carried at cost because their fair values cannot be measured reliably as the amounts have no fixed repayment terms.

(f) Classification of financial instruments

Group	**Financial assets at amortised cost $'000**	**Financial liabilities at amortised cost $'000**
2019		
Assets		
Advances to associates	**618,145**	**–**
Trade and other receivables	**16,160**	**–**
Cash and bank balances	**124,841**	**–**
Total	**759,146**	**–**
Liabilities		
Trade and other payables	**–**	**52,885**
Borrowings	**–**	**2,121,464**
Security deposits	**–**	**39,386**
Total	**–**	**2,213,735**
2018		
Assets		
Advances to associates	615,622	–
Trade and other receivables	15,056	–
Cash and bank balances	258,924	–
Total	889,602	–
Liabilities		
Trade and other payables	–	64,757
Borrowings	–	2,285,704
Security deposits	–	32,248
Total	–	2,382,709

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

32. Fair value of assets and liabilities (continued)

(f) Classification of financial instruments (continued)

Trust	Financial assets at amortised cost $'000	Financial liabilities at amortised cost $'000
2019		
Assets		
Advances to associates	**618,145**	**–**
Trade and other receivables	**21,297**	**–**
Cash and bank balances	**65,297**	**–**
Total	**704,739**	**–**
Liabilities		
Trade and other payables	**–**	**31,852**
Borrowings	**–**	**1,503,587**
Total	**–**	**1,535,439**
2018		
Assets		
Advances to associates	615,622	–
Trade and other receivables	11,269	–
Cash and bank balances	231,455	–
Total	858,346	–
Liabilities		
Trade and other payables	–	43,457
Borrowings	–	1,819,776
Security deposits	–	5,824
Total	–	1,869,057

The Group and the Trust have financial liabilities at fair value through profit or loss amounting to $9,834,000 (2018: $5,704,000) and $9,840,000 (2018: $5,704,000) respectively.

33. 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, Australia and South Korea.

Discrete financial information is provided to the Board on a property by property basis. The information provided includes net rental (including property income and property expenses) and the value of the investment properties. The Board is of the view that the portfolio reporting is appropriate as the Group's business is investing in prime commercial properties located in the financial precincts of Singapore, Australia and South Korea. In making this judgement, the Board considers the nature and location of these properties which are similar for the entire portfolio of the Group.

Investments in One Raffles Quay and Marina Bay Financial Centre are held through one-third interests in ORQPL, BFCDLLP and CBDPL, investments in 8 Chifley Square and David Malcolm Justice Centre are held through 50% interests in M8CT and MOTT, and the information provided below is in relation to the properties.

By property	Group	
	2019 $'000	2018 $'000
Property income		
Bugis Junction Towers	**18,356**	20,391
Ocean Financial Centre	**103,809**	113,321
275 George Street [1]	**14,612**	14,785
8 Exhibition Street [2]	**17,105**	17,361
T Tower	**10,171**	–
Total property income	**164,053**	165,858
Income contribution		
Bugis Junction Towers	**14,371**	16,145
Ocean Financial Centre	**83,468**	94,718
275 George Street [1]	**11,019**	11,135
8 Exhibition Street [2]	**11,825**	11,157
T Tower	**8,216**	–
Total net property income	**128,899**	133,155
One-third interest in ORQPL [3]:		
– Interest income	**2,159**	2,241
– Dividend income	**21,693**	22,552
Total income	**23,852**	24,793
One-third interests in BFCDLLP [4] and CBDPL [4]:		
– Rental support	**2,690**	8,615
– Interest income	**23,065**	20,952
– Dividend and distribution income	**56,180**	51,441
Total income	**81,935**	81,008
50% interest in M8CT [5]:		
– Distribution income	**12,832**	13,019
50% interest in MOTT [6]:		
– Distribution income	**12,703**	13,169
Total income contribution	**260,221**	265,144
Less: Income contribution attributable to non-controlling interests		
– Ocean Financial Centre [7]	**(16,777)**	(1,027)
– T Tower [8]	**(51)**	–
Total income contribution attributable to Unitholders	**243,393**	264,117

[1] Comprises 50.0% (2018: 50.0%) interest in 275 George Street.
[2] Comprises 50.0% (2018: 50.0%) interest in 8 Exhibition Street office building and a 100.0% (2018: 100.0%) interest in the three adjacent retail units.
[3] Comprises one-third (2018: one-third) interest in ORQPL which holds One Raffles Quay.
[4] Comprise one-third (2018: one-third) interests in BFCDLLP and CBDPL which hold Marina Bay Financial Centre Towers 1, 2 and 3 and Marina Bay Link Mall.
[5] Comprises 50.0% (2018: 50.0%) interest in M8CT which holds 8 Chifley Square.
[6] Comprises 50.0% (2018: 50.0%) interest in MOTT which holds David Malcolm Justice Centre.
[7] Represents an approximate interest of 20.1% in Ocean Financial Centre. In the prior year, this represented the approximate interests of 0.1% and 20.1% in Ocean Financial Centre, for the periods of 1 January 2018 to 11 December 2018 and 12 December 2018 to 31 December 2018 respectively.
[8] Represents an approximate interest of 0.6% in T Tower.

33. Portfolio reporting (continued)

By property (continued)

Reconciliation to profit before gain on divestment of investment property and net change in fair value of investment properties per Consolidated Statement of Profit or Loss:

	Group	
	2019 $'000	2018 $'000
Total income contribution	**260,221**	265,144
Less: Dividend and distribution income	**(103,408)**	(100,181)
Add: Interest income earned from deposits placed with financial institutions	**1,938**	1,882
Add: Share of results of associates	**77,897**	73,720
Add: Share of results of joint ventures	**28,525**	30,170
Less: Other unallocated expenses	**(134,074)**	(139,078)
Profit before gain on divestment of investment property and net change in fair value of investment properties	**131,099**	131,657

	Group	
	2019 $'000	2018 $'000
Interests in associates		
One-third interest in ORQPL:		
Investment in associate	**675,499**	685,264
Advances to associate	**48,321**	47,446
	723,820	732,710
One-third interest in BFCDLLP:		
Investment in associate	**1,105,256**	1,109,185
Advances to associate	**569,824**	568,176
	1,675,080	1,677,361
One-third interest in CBDPL:		
Investment in associate	**739,914**	744,214

	Group	
	2019 $'000	2018 $'000
Interests in joint ventures		
50% interest in M8CT:		
Investment in joint venture	**222,136**	249,282
50% interest in MOTT:		
Investment in joint venture	**215,697**	222,409

By geographical area	Group	
	2019 $'000	2018 $'000
Property income		
- Singapore	**122,165**	133,712
- Australia	**31,717**	32,146
- South Korea	**10,171**	–
Total property income	**164,053**	165,858
Net property income		
- Singapore	**97,839**	110,863
- Australia	**22,844**	22,292
- South Korea	**8,216**	–
Total net property income	**128,899**	133,155
Income contribution attributable to Unitholders		
- Singapore	**186,849**	215,637
- Australia	**48,379**	48,480
- South Korea	**8,165**	–
Total income contribution attributable to Unitholders	**243,393**	264,117
Investment properties, at valuation		
- Singapore	**2,628,000**	3,142,000
- Australia	**800,545**	737,956
- South Korea	**301,775**	–
Total value of investment properties	**3,730,320**	3,879,956

34. Commitments and contingencies

(a) Operating lease commitments – as lessor

The Group leases out its investment properties. Lease arrangements for the Group's Australia-based and South Korea-based investment properties include rental escalation clauses. Future minimum rental receivable under non-cancellable operating leases is as follows:

	Group	
	2019 $'000	2018 $'000
Less than one year	**141,754**	130,458
One to two years	**133,464**	130,357
Two to three years	**102,188**	116,951
Three to four years	**80,683**	89,161
Four to five years	**74,844**	62,188
Beyond five years	**798,821**	913,375
	1,331,754	1,442,490

(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		Trust	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Committed progress payments for investment property under development	**28,997**	134,201	**–**	–

(c) Guarantee

The Trust has provided corporate guarantees amounting to $1,274,150,000 (2018: $1,795,625,000) and $125,000,000 (2018: $125,000,000) to banks for loans taken by subsidiaries and medium term notes issued by a subsidiary respectively.

35. Financial ratios

	2019 %	2018 %
Expenses to weighted average net assets [1]		
- including performance component of Manager's management fees	**1.30**	1.16
- excluding performance component of Manager's management fees	**1.12**	0.98
Total operating expenses to net asset value [2]	**3.0**	2.8
Portfolio turnover rate [3]	**6.3**	–

[1] The ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to the trust expenses, excluding property expenses, amortisation expense, foreign exchange differences and borrowing costs for the financial year.

[2] The ratio is computed based on the total property expenses as a percentage of net asset value as at the end of the financial year. Total property expenses include the Group's share of property expenses incurred by its associates and joint ventures, and all fees and charges paid to the Manager and related parties for the financial year.

[3] The ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of weighted average net asset value.

36. Subsequent events

On 22 January 2020, the Manager announced a distribution of 1.40 cents per Unit for the period from 1 October 2019 to 31 December 2019.

CORPORATE GOVERNANCE

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 2018[1] (the "2018 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 2018 Code and its accompanying Practice Guidance.

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 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 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 optimising the distributable income and long term value of Keppel REIT;

2. acquiring, selling, leasing, licensing or otherwise dealing with any real estate in furtherance of the prevailing investment policy and 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 modelling, 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") and the tax rulings issued by the Inland Revenue Authority of Singapore on taxation of Keppel REIT and its Unitholders;

7. managing regular communications 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. The Manager appoints an experienced and well-qualified management team to run the day-to-day operations of Keppel REIT. All directors (the "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 Deed dated 2 February 2006, the Second Supplemental 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, a Supplemental Deed dated 15 October 2012 to the First Amending and Restating Deed, a Second Amending and Restating Deed dated 23 March 2016, the Tenth Supplemental Deed dated 20 April 2018 and the Eleventh Supplemental Deed dated 21 February 2020 (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.

BOARD MATTERS: THE BOARD'S CONDUCT OF AFFAIRS

Principle 1:

The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

Principle 3:

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

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

Role: The principal functions of the Board are to:

- provide entrepreneurial leadership and decide on matters in relation to Keppel REIT's and the Manager's activities of a significant 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 (including appropriate focus on value creation, innovation and sustainability) to be implemented by management, and monitor the performance of management and ensure that the Manager has necessary resources to meet its strategic objectives;

[1] The Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore on 6 August 2018.

CORPORATE GOVERNANCE

- hold management accountable for performance and ensure proper accountability within Keppel REIT and the Manager;
- oversee processes for evaluating the adequacy and effectiveness of internal controls, risk management, financial reporting and compliance, and satisfy itself as to the adequacy of such processes;
- be responsible for the governance of risk and ensure that management maintains a sound system of risk management and internal controls, to safeguard the interests of Keppel REIT and its stakeholders; and
- assume responsibility for corporate governance and ensure transparency and accountability to key stakeholder groups.

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

Independent Judgment: All Directors are expected to exercise independent judgment in the best interests of Keppel REIT, and all Directors have discharged this duty consistently well.

Conflicts of Interest: All Directors are required to promptly disclose any conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction with Keppel REIT or the Manager as soon as is practicable after the relevant facts have come to his knowledge, and recuse themselves when the conflict-related matter is discussed unless the Board is of the opinion that his presence and participation is necessary to enhance the efficacy of such discussion, and abstain from voting in relation to conflict-related matters. On an annual basis, each Director is also required to submit details of his associates for the purpose of monitoring interested persons transactions.

Board Committees: 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, and play an important role in ensuring good corporate governance. The responsibilities of the Board committees are disclosed in the Appendix hereto.

Meetings: The Board meets at least 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 divestments, 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 financial results. In addition, the Board reviews the risks to the assets of Keppel REIT, and acts upon any comments from the auditor of Keppel REIT. Board meetings are scheduled and circulated to the Directors prior to the start of the financial year to allow Directors to plan ahead to attend such meetings, so as to maximise participation.

The Manager's constitution permits 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 to, contemporaneously, hear and be heard by all other participants. 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.

Closed Door Directors' Meetings: Time is also set aside at the end of each scheduled quarterly Board meeting for closed door discussions without the presence of management to discuss matters such as board processes, corporate governance initiatives, succession planning, and performance management and remuneration matters.

Company Secretaries: The Company Secretaries administer, attend and prepare minutes of Board proceedings. They assist the Chairman to ensure that Board procedures (including but not limited to assisting the Chairman to ensure timely and good information flow to the Board and its Board committees, and between management and the Directors) are followed and regularly reviewed to ensure effective functioning of the Board and that the Manager's Constitution and relevant rules and regulations are complied with. They also assist the Chairman and the Board to implement corporate governance practices and processes with a view to enhancing long-term Unitholder value. They are also the primary channel of communication between Keppel REIT and the SGX.

THE NUMBER OF BOARD AND BOARD COMMITTEE MEETINGS HELD IN FY 2019, AS WELL AS THE ATTENDANCE OF EACH BOARD MEMBER AT THESE MEETINGS, ARE DISCLOSED IN THE FOLLOWING TABLE:

Director	Board Meetings Attended	Audit and Risk Committee Meetings Attended	Nominating and Remuneration Committee Meetings Attended
Mrs Penny Goh	7	-	3
Mr Lee Chiang Huat	7	4	-
Mr Lor Bak Liang	7	4	3
Ms Christina Tan	6	-	2
Mr Tan Swee Yiow	6	-	-
Mr Alan Rupert Nisbet	6	4	-
Mr Ian Roderick Mackie[1]	-	-	-
No. of Meetings held in FY 2019	7	4	3

[1] Mr Mackie was appointed as a Director on 5 December 2019 and there were no Board and Board committee meetings convened between his appointment date and 31 December 2019.

The appointment and removal of each of the Company Secretaries are subject to the approval of the Board as a whole.

Access to Information: 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 and that for this to happen, the Board must be kept well informed of Keppel REIT's businesses and affairs and be knowledgeable about the industry in which the businesses operate.

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. 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 business, performance, business and financial environment, risk and prospects. The financial results are also compared against the budgets, together with explanations given for significant variances for the reporting period. Management also surfaces key risk issues for discussion and confers with the Audit and Risk Committee and the Board regularly.

As a general rule, Board papers are required to be distributed to Directors at least seven days before the Board meeting so that the Directors may better understand the matters prior to the Board meeting and discussions may be focused on questions that the Directors may have. Directors are provided with tablet devices to facilitate their access to and review of board materials. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed. Managers who can provide additional insight into the matters at hand would be present at the relevant time during the Board meeting. The Directors are also provided with the names and contact details of senior management and the Company Secretaries to facilitate direct access to senior management and the Company Secretaries. The Directors are entitled to request from management, and would be provided with, such additional information as may be needed from time to time in order to make informed decisions.

Subject to the approval of the Chairman, the Directors, whether as a group or individually, may seek and obtain independent professional advice to assist them in their duties, at the expense of Keppel REIT.

The Board reviews the budget on an annual basis, and any material variance between the projections and actual results would be disclosed and explained. A board strategy meeting is organised periodically for in-depth discussion on strategic issues and direction of Keppel REIT, to give the Directors a better understanding of Keppel REIT and its businesses, and to provide an opportunity for the Directors to familiarise themselves with the management team so as to facilitate the Board's review of Keppel REIT's succession planning.

Director Orientation: A formal letter is sent to newly-appointed Directors upon their appointment explaining their roles, duties, obligations and responsibilities as a 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.

Training: 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 or other applicable legislation 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.

Chairman and CEO: 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, with the assistance of the Company Secretaries, schedules meetings and prepares meeting agenda to enable the Board to perform its duties responsibly having regard to the flow of Keppel REIT's operations.

She sets guidelines on and monitors the flow of information from management to the Board to ensure that all material information is provided in a timely manner to the Board for the Board to make good decisions. She also encourages constructive relations between the Board and management. At board meetings, the Chairman encourages a full and frank exchange of views, drawing out contributions from all Directors so that the debate benefits from the full diversity of views, in a robust yet collegiate setting.

At annual general meetings ("AGM") and other Unitholders' meetings, the Chairman ensures constructive dialogue between Unitholders, the Board and management. The Chairman sets the right ethical and behavioural tone and takes a leading role in Keppel REIT's drive to achieve and maintain a high standard of corporate governance with the full support of the Directors, Company Secretaries and management.

The CEO, assisted by management, makes strategic proposals to the Board and after robust and constructive Board discussion, executes the agreed strategy, manages and develops Keppel REIT's businesses and implements the Board's decisions.

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 MATTERS: BOARD COMPOSITION AND GUIDANCE

Principle 2:

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Principle 4:

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

NOMINATING AND REMUNERATION COMMITTEE

The Manager has established the Nominating and Remuneration Committee ("NRC") to, among other things, make recommendations to the Board on all Board appointments and oversee the Board and senior management's succession plans and conducting annual review of board diversity, board size, board independence and directors' commitment. The NRC comprises three Directors, the majority of whom, including the Chairman of the NRC, are independent; namely:

Mr Ian Roderick Mackie	Chairman
Ms Christina Tan	Member
Mr Lor Bak Liang	Member

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) the 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) the NRC meets with the shortlisted candidates to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required; and
(e) the 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 recommendations 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;
(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 Capital Holdings Pte. Ltd. ("Keppel Capital") has on 1 July 2016 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 Capital 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; and
(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.

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 Capital from appointing any Director from time to time in accordance with applicable laws and regulations (including any applicable rules of SGX) and the constitution of the Manager.

The Undertaking shall remain in force for so long as:

(a) Keppel Capital 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.

As the appointments of Mrs Penny Goh, Ms Christina Tan and Mr Tan Swee Yiow as Directors were last endorsed by Unitholders on 21 April 2017, the Manager is seeking the re-endorsement of the appointments of Mrs Penny Goh, Ms Christina Tan and Mr Tan Swee Yiow at the AGM to be held in 2020. In addition, as Mr Ian Roderick Mackie was appointed as Director on 5 December 2019, the Manager is also seeking the endorsement of his appointment at the AGM to be held in 2020.

The NRC recommends the seeking of endorsement and re-endorsement of 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.

Alternate Director
The Manager has no alternate directors on the Board.

Board Diversity
The Manager recognises that diversity in relation to composition of the Board provides a range of perspectives, insights and challenge needed to support good decision-making for the benefit of Keppel REIT, and is committed to ensuring that the Board comprises directors who, as a group, provide an appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity (such as gender and age) so as to promote the inclusion of different perspectives and ideas, mitigate against groupthink and ensure that Keppel REIT has the opportunity to benefit from all available talent.

It is paramount that the Manager continues to maintain the appropriate balance and mix of skills, knowledge and experience on the Board to support the needs and long-term sustainability of Keppel REIT's and the Manager's businesses. When assessing Board composition or identifying suitable candidates for appointment or re-endorsement to the Board, the Manager will consider candidates on merit against objective criteria set by the Board after having given due regard to the benefits of diversity and the needs of the Board.

The Manager has in place a Board Diversity Policy that sets out the framework and approach for the Board to set its qualitative and measurable quantitative objectives for achieving diversity, and to annually assess the progress in achieving these objectives.

The Board will, taking into consideration the recommendations of the NRC, review and agree annually the qualitative and measurable quantitative objectives for achieving diversity on the Board. At the recommendation of the NRC and in recognition of the merits of gender diversity, the Board has committed to (1) ensuring that at least 20% of the Board will comprise female directors, and (2) the NRC will endeavour to include female candidates when identifying suitable candidates for new appointment to the Board. As of 31 December 2019, there were two female Directors out of a total of seven Directors on the Board.

Annual review of Board size and composition

The Board consists of seven members, four of whom are non-executive independent Directors.

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 Board committee membership are set out in the Appendix hereto.

The NRC has recently conducted its assessment in January 2020 and is satisfied that the Board and the Board committees comprise Directors who as a group provide an appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The NRC is also satisfied that the Directors, as a group, possess core competencies such as accounting or finance, legal and regulatory, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the Board and the 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 broad range of commercial experience including expertise in funds management, audit and accounting and the property industry; and
(iii) At least one-third of the Board comprises independent Directors.

Further, in accordance with Provision 2.2 of the 2018 Code, at least a majority of the Board should comprise independent Directors where the Chairman is not an independent director.

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

Board Independence

The Board determines on an annual basis, taking into account the views of the Nominating and Remuneration Committee ("NRC"), whether or not a Director is independent, bearing in mind the 2018 Code's definition of an "independent director" and guidance as to relationships the existence of which would deem a Director not to be independent, as well as the independence criteria under the Securities and Futures (Licensing and Conduct of Business) Regulations ("SF(LCB) Regulations").

Under the 2018 Code, a Director who has no relationship with the Manager, its related companies, its 5% shareholders/unitholders 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. In addition, under the SF(LCB) Regulations, an independent Director is one who:

(i) is independent from the management of the Manager and Keppel REIT;

(ii) is independent from any business relationship with the Manager and Keppel REIT;

(iii) is independent from every substantial shareholder of the Manager, and every substantial unitholder of Keppel REIT;

(iv) is not a substantial shareholder of the Manager, or a substantial unitholder of Keppel REIT; and

(v) has not served as a director of the Manager for a continuous period of 9 years or longer.

Taking into account the views of the NRC, the Board has determined that:

(i) Mr Lor Bak Liang (1) has been independent from management and business relationships with the Manager and Keppel REIT, (2) has not been a substantial shareholder of the Manager or a substantial unitholder of Keppel REIT, and (3) has been independent from every substantial shareholder of the Manager and substantial unitholder of Keppel REIT;

(ii) Mr Lee Chiang Huat (1) has been independent from management and business relationships with the Manager and Keppel REIT, and (2) has not been a substantial shareholder of the Manager or a substantial unitholder of Keppel REIT. The Board has also determined that Mr Lee shall nevertheless be considered independent notwithstanding that he is a director of Keppel DC REIT Management Pte. Ltd. (the manager of Keppel DC REIT) which is a related corporation of the substantial shareholder of the Manager and the substantial unitholder of Keppel REIT, namely Keppel Corporation Limited ("Keppel Corporation"). Taking into consideration (I) Mr Lee having declared that (a) he serves in his personal capacity as an independent non-executive director of Keppel DC REIT Management Pte. Ltd. (the manager of Keppel DC REIT), and (b) he is not in any employment relationship with the Keppel Group and is not under any obligation to act in accordance with the directions, instructions or wishes of the Keppel Group, and (II) the instances of constructive challenge and probing of management by Mr Lee at the Board and the Board committee meetings of the Manager, the Board is satisfied that Mr Lee is able to act in the best interests of all the unitholders of Keppel REIT as whole;

(iii) Mr Alan Rupert Nisbet (1) has been independent from management and business relationships with the Manager and Keppel REIT, and (2) has not been a substantial shareholder of the Manager or a substantial unitholder of Keppel REIT. The Board has also determined that Mr Nisbet shall nevertheless be considered independent notwithstanding that he is a non-executive director of (i) KrisEnergy Ltd ("KrisEnergy") which is an associated company of the substantial shareholder of the Manager and substantial unitholder of Keppel REIT, namely Keppel Corporation, and (ii) Ascendas Property Fund Trustee Pte. Ltd. (the trustee-manager of Ascendas India Trust) ("AI-Trust Manager") which is wholly-owned by CapitaLand Limited and an indirect associated company of the substantial shareholder of the Manager and substantial unitholder of Keppel REIT, namely Temasek Holdings (Private) Limited ("Temasek"). Taking into consideration (I) Mr Nisbet having declared that (a) he serves on the KrisEnergy board in his personal capacity as an independent director, and not as a representative or nominee of the Keppel Group, (b) he serves on the AI-Trust Manager board in his personal capacity as an independent director, and not as a representative or nominee of Temasek, and (c) he is not in any employment relationship with the Keppel Group or Temasek and is not under any obligation to act in accordance with the directions, instructions or wishes of the Keppel

Group or Temasek, and (II) the instances of constructive challenge and probing of management by Mr Nisbet at the Board and the Board committee meetings of the Manager, the Board is satisfied that Mr Nisbet is able to act in the best interests of all the unitholders of Keppel REIT as a whole;

(iv) Mr Ian Roderick Mackie (1) has been independent from management and business relationships with the Manager and Keppel REIT, and (2) has not been a substantial shareholder of the Manager or a substantial unitholder of Keppel REIT. The Board has also determined that Mr Mackie shall nevertheless be considered independent notwithstanding that he is a non-executive director of Dimbulah Coffee (S) Pte Ltd ("Dimbulah") which is a tenant of Marina Bay Financial Centre and One Raffles Quay which Keppel REIT owns a one-third interest of. Taking into consideration Mr Mackie having declared that (a) he will recuse himself from any decision-making process of the Manager in connection with the negotiation of leases with Dimbulah and any other dealings between Keppel REIT and Dimbulah, and (b) he does not regard the business relationship which Dimbulah has with Keppel REIT as something which could interfere with or be reasonably regarded as interfering with his exercise of independent judgment and ability to act in the best interests of Keppel REIT as a whole in the discharge of a director's duties, the Board is satisfied that Mr Mackie is able to act in the best interests of all the unitholders of Keppel REIT as a whole;

(v) Mrs Penny Goh is not considered independent pursuant to the guidelines issued by MAS on 1 July 2016 to the holders of a capital markets services licence for REIT management as she was on 2 January 2020 appointed as a director of the controlling shareholder of the Manager and the substantial unitholder of Keppel REIT, namely Keppel Corporation; and

(vi) Ms Christina Tan and Mr Tan Swee Yiow are not considered independent from Keppel Corporation. Ms Tan is the Chief Executive Officer of Keppel Capital and Mr Tan is the Chief Executive Officer of Keppel Land Limited ("Keppel Land"), both being related corporations of Keppel Corporation.

None of the Directors have served on the Board for a continuous period of 9 years or longer.

The Chairman and CEO are separate persons, the independent Directors currently comprise a majority of the Board, and the Board committees are chaired by and comprise at least a majority of independent Directors. If the Chairman is conflicted, the ARC Chairman will lead the Board. In addition, the Keppel Whistle-Blower Policy provides an independent mechanism for employees and other persons to raise any concerns, and matters under the policy are reported directly to the ARC Chairman. In light of the foregoing, the Board is of the view that it is not necessary, for the time being, to appoint a lead independent Director.

Taking into account the independence and diversity of the Board, the NRC is of the view that the Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of Keppel REIT.

Annual review of Directors' time commitments

The NRC assesses annually whether a Director is able to and has been adequately carrying out his duties as a Director. Instead of fixing a maximum number of listed company board representation and/or other principal commitments that a Director may have, the NRC assesses holistically whether a Director is able to and has been adequately carrying out his/her duties as a Director, taking into account the results of the assessment of the effectiveness of the individual Director, the level of commitment required of the Director's listed company board representations and/or other principal commitments, and the Director's actual conduct and participation on the Board and Board committees, including availability and attendance at regular scheduled meetings and ad-hoc meetings. The NRC is of the view that such an assessment is sufficiently robust to detect and address, on a timely basis, any time commitment issues that may hinder the effectiveness of the directors.

Taking into account the abovementioned factors, the NRC was of the view that each Director has given sufficient time and attention to the affairs of Keppel REIT and the Manager and has been able to discharge his duties as director effectively.

Key information regarding Directors

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

Pages 14 to 16: Academic and professional qualifications, Board committee served on (as a member or Chairman), date of first appointment as a 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 Board to be independent; and

Page 172: Unitholdings in Keppel REIT as at 21 January 2020.

BOARD MATTERS: BOARD PERFORMANCE

Principle 5:

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The Board has implemented formal processes for assessing the effectiveness of the Board as a whole and its Board committees, the contribution by each individual Director to the effectiveness of the Board, as well as the effectiveness of the Chairman of the Board.

Independent Coordinator: To ensure that the assessments are done promptly and fairly, the Board has appointed an independent third party (the "Independent Co-ordinator") to assist in collating and analysing the returns of the Board members. Mr Nelson Tan, director of tax at A Tax Advisor Pte. Ltd., was appointed for this role. Mr Tan does not have any other connection with Keppel REIT, the Manager or any of the Directors.

Formal Process and Performance Criteria: The evaluation processes and performance criteria are set out in the Appendix hereto.

Objectives and Benefits: The Board assessment exercise provided an opportunity to obtain constructive feedback from each Director on whether the Board's procedures and processes allow him to discharge his duties effectively and the changes which should be made to enhance the effectiveness of the Board and/or Board committees. The assessment exercise also helped the Directors to focus on their key responsibilities. The individual Director assessment exercise allowed for peer review with a view of raising the quality of Board members. It also assisted the Board in evaluating the skills required by the Board, the size and the effectiveness of the Board as a whole.

REMUNERATION MATTERS

Principle 6 :

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Principle 7:

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Principle 8:

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The composition of the NRC has been set out under Principle 4 on page 145. The NRC comprises entirely 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, and grant of Units) and the specific remuneration packages for each Director and the key management personnel. 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 key management personnel's 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 2019, the NRC undertook a review of the pay mix for key management personnel and non-executive Directors' fees with the assistance of external remuneration consultants, namely Aon Hewitt. The NRC undertook a review of the independence and objectivity of the external remuneration consultants through discussions with the external remuneration consultants, and has received confirmation 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, CEO and key management personnel.

Policy in respect of Non-Executive Directors' remuneration

Each Director is paid a basic fee and an additional fee for services performed on Board committees. The Chairman of the Board and of each Board committee are 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 non-executive Directors participated in additional ad-hoc meetings with management during the year and are not paid for attending such meetings.
The NRC, in consultation with Aon Hewitt, conducted a review of the non-executive Directors' fee structure. The review took into account a variety of factors, including prevailing market practices and referencing Directors' fees against comparable benchmark, as well as the roles and responsibilities of the Board and Board committees. Recognising that Directors have ongoing oversight responsibilities towards the Manager, the Directors' fee structure includes payment of Units in Keppel REIT to the Directors. Such incorporation of an equity component in the total remuneration of the non-executive Directors is intended to achieve the objective of aligning the interests of the non-executive Directors with those of the Unitholders and the long-term interests of Keppel REIT. An all-in-fee had been recommended by Aon Hewitt for the Chairman of the Board in view of the larger role and responsibilities.

Each of the Directors (including the Chairman) will receive 70% of his/her total Directors' fees in cash and 30% in the form of Units in Keppel REIT. The Directors' fees for Ms Christina Tan and Mr Tan Swee Yiow will be paid in cash to Keppel Capital and Keppel Land respectively.

Remuneration policy in respect of key management personnel

The Manager advocates a performance-based remuneration system that is highly flexible and responsive to the market, corporate and individual performance.

In designing the remuneration structure, the NRC seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate in achieving a balance between current versus long-term remuneration and between cash versus equity incentive remuneration.

In FY 2019, the NRC undertook a pay mix review for key management personnel with the assistance of Aon Hewitt. The exercise is to achieve market competitive base pay versus short term incentives while maintaining total compensation competitiveness.

The current total remuneration structure reflects four key objectives:

(a) Unitholder Alignment: To incorporate performance measures that are aligned to Unitholder's interests;
(b) Long-term Orientation: To motivate employees to drive sustainable long-term growth;
(c) Simplicity: To ensure that the remuneration structure is easy to understand and communicate to stakeholders; and
(d) Synergy: To facilitate talent mobility and enhance collaboration across businesses.

The total remuneration mix comprises three components - annual fixed pay, annual performance bonus and long term incentive. The annual fixed pay component comprises the annual basic salary plus any other fixed

THE FRAMEWORK FOR DETERMINING THE DIRECTORS' FEES IS SHOWN IN THE TABLE BELOW:

	Chairman	Member
Main Board	$150,000 per annum[1]	$60,000 per annum
Audit and Risk Committee	$42,500 per annum	$25,000 per annum
Nominating and Remuneration Committee	$25,000 per annum	$15,000 per annum

[1] All-in fee for Main Board Chairman.

allowances which the Manager benchmarks with the relevant industry market data. The size of the Manager's annual performance bonus pot is mainly determined by Keppel REIT's financial and non-financial performance, and is distributed to employees based on individual performance. The long-term incentive is in the form of two Unit plans, being the Restricted Unit Plan ("RUP") and the Performance Unit Plan ("PUP"). A portion of the annual performance bonus is granted in the form of deferred Units that are awarded under the RUP. The PUP comprises performance targets determined on an annual basis and which vest over a longer term horizon. The RUP and PUP are long term incentive plans of the Manager. Executives who have greater ability to influence strategic outcomes have a greater proportion of their overall remuneration 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 remuneration 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 remuneration structure is directly linked to corporate and individual performances, both in terms of financial and non-financial performances. This link is achieved in the following ways:

(1) by placing a significant portion of executive's remuneration at risk ("at risk component") and subject to a vesting schedule;
(2) by incorporating appropriate key performance indicators ("KPIs") for awarding annual cash incentives:
    a. there are four scorecard areas that the Manager has identified as key to measuring its performance:
        i. Financial;
        ii. Process;
        iii. Customers & stakeholders; and
        iv. People;
       Some of the key sub-targets within each of the scorecard areas include key financial indicators, safety goals, risk management, compliance and controls measures, corporate social responsibility activities, employee engagement, talent development and succession planning; and
    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. The NRC reviews and approves the scorecard annually;
(3) by selecting performance conditions for the KRML PUP such as Asset under Management, Distribution per Unit and Total Unitholder Return for equity awards that are aligned with Unitholders' interests;
(4) by requiring those KPIs or conditions to be met in order for the at-risk component of remuneration to be awarded or to vest; and
(5) forfeiture of the at-risk component of remuneration when those KPIs or conditions are not met at a satisfactory level.

The NRC also recognises the need for a reasonable alignment between risk and remuneration to discourage excessive risk taking. Therefore, in determining the remuneration structure, the NRC had taken into account the risk policies and risk tolerance of Keppel REIT and the Manager as well as the time horizon of risks, and incorporated risks-adjustments into the remuneration structure through several initiatives, including but not limited to:

(a) Prudent funding of annual performance bonus;
(b) Granting a portion of the annual performance bonus in the form of deferred Units, to be awarded under the RUP;
(c) Vesting of contingent Unit awards under the PUP being subjected to KPIs and/or performance conditions being met; and
(d) Potential forfeiture of variable incentives in any year due to misconduct.

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.

In determining the actual quantum of the variable component of remuneration, the NRC had taken into account the extent to which the performance conditions set forth above, have been met. The NRC is of the view that remuneration is aligned to performance during FY 2019.

In order to align the interests of the CEO and key management personnel with those 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.

In order not to hamper the Manager's efforts to retain and nurture its talent pool and given the highly competitive conditions in the REIT industry where poaching of senior management is commonplace, the Manager is disclosing the remuneration of the CEO in bands of $250,000, and is not disclosing the aggregate total remuneration paid to the top five key management personnel. The Manager is of the view that such disclosure or non-disclosure (as the case may be) will not be prejudicial to the interests of Unitholders as sufficient information is provided on the Manager's remuneration framework to enable Unitholders to understand the link between the remuneration paid to the CEO and its key management personnel, and performance as set out on pages 149 to 151.

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 since 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. The range of performance targets to be set under the PUP emphasises stretched or strategic targets aimed at sustaining longer-term growth.

The NRC has the discretion not to award variable incentives in any year if an executive is directly involved in a material restatement of financial statements or in misconduct resulting in restatement of financial statements or financial losses to

Keppel REIT or the Manager. Outstanding performance bonuses under the KRML Unit Plans are also subject to the NRC's discretion before further payment or vesting can occur.

Remuneration of Employees who are Substantial Shareholders/Unitholders or Immediate Family Members of a Director, the Chief Executive Officer or a Substantial Shareholder/Unitholder

No employee of the Manager was a substantial shareholder of the Manager or a substantial unitholder of Keppel REIT or an immediate family member of a Director, the CEO, a substantial shareholder of the Manager or a substantial unitholder of Keppel REIT and whose remuneration exceeded $100,000 during the financial year ended 31 December 2019. "Immediate family member" refers to the spouse, child, adopted child, step-child, brother, sister and parent.

ACCOUNTABILITY AND AUDIT: AUDIT COMMITTEE

Principle 10:

The Board has an Audit Committee which discharges its duties objectively.

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-ST, media releases and Keppel REIT's website.

Management provides all Directors 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. The financial results are compared against the budgets, together with explanations of significant variances for the reporting period.

LEVEL AND MIX OF REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL FOR THE YEAR ENDED 31 DECEMBER 2019

The level and mix of each of the Directors' remuneration are set out below:

Name of Director	Base/ Fixed Salary ($)	Variable or Performance-related Income/Bonuses ($)	Directors' Fees[1] ($)	Benefits-in-Kind ($)
Mrs Penny Goh	-	-	150,000	-
Mr Lee Chiang Huat	-	-	102,500	-
Mr Lor Bak Liang	-	-	100,000	-
Ms Christina Tan[2]	-	-	75,000	-
Mr Alan Rupert Nisbet	-	-	85,000	-
Mr Tan Swee Yiow[3]	-	-	60,000	-
Mr Ian Roderick Mackie[4]	-	-	4,438	-

1. Each of the Directors will receive 70% of his/her total Director's fee in cash and the balance 30% in the form of Units in Keppel REIT.
2. Ms Christina Tan's fees will be paid 100% in cash to Keppel Capital.
3. Mr Tan Swee Yiow's fees will be paid 100% in cash to Keppel Land.
4. Mr Ian Roderick Mackie was appointed as a member of the Board with effect from 5 December 2019. Fees are pro-rated accordingly.

The level and mix of the remuneration of the CEO and each of the other key management personnel, in bands of $250,000, are set out below:

Remuneration Band and Names of CEO and Key Management Personnel (1)	Base/ Fixed Salary	Variable or Performance-related Income/Bonuses (2)	Benefits-in-Kind	Contingent Award of Units: PUP (3)	Contingent Award of Units: RUP (3)
Above $1,000,000 to $1,250,000					
Mr Tham Wei Hsing, Paul	31%	23%	n.m (4)	24%	22%
Above $250,000 to $500,000					
Mr Toh Wah San	73%	16%	n.m (4)	-	11%
Ms Shirley Ng	56%	33%	n.m (4)	-	11%
Ms Kang Leng Hui	54%	35%	n.m (4)	-	11%

1. The Manager has less than five key management personnel other than the CEO.
2. The NRC is satisfied that the quantum of performance-related bonuses earned by the CEO and key management personnel of the Manager was fair and appropriate taking into account the extent to which their KPIs for 2019 were met.
3. Units awarded under the PUP are subject to pre-determined performance targets set over a three-year performance period. As at 30 April 2019 (being the grant date), the estimated value of each unit granted in respect of the contingent awards under the PUP was $0.98. As at 17 February 2020 (being the grant date for the contingent deferred units under the RUP), the estimated value of each unit granted in respect of the contingent awards under the RUP was $1.22. For the PUP, the figures were based on the value of the PUP units at 100% of the award and the figures may not be indicative of the actual value at vesting which can range from 0% to 150% of the award.
4. "n.m" means not material.

CORPORATE GOVERNANCE

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 three non-executive Directors, all of whom (including the Chairman of the ARC) are independent Directors. The Chairman of the ARC is Mr Lee Chiang Huat and the members are Mr Lor Bak Liang and Mr Alan Rupert Nisbet.

All members of the ARC have accounting or related financial management expertise or experience. Thus, the Board is of the view that all members of the ARC are suitably qualified to assist the Board in areas of internal controls, financial and accounting matters, compliance and risk management, including oversight over management in the design, implementation and monitoring of risk management and internal control systems.

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

The ARC has the 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. Keppel REIT's and the Manager's internal audit function has been outsourced to Keppel Corporation Limited's Group Internal Audit department. They, together with the external auditor, report their findings and recommendations independently to the ARC.

A total of four ARC meetings were held in 2019. In addition, the ARC met with the external auditor and internal auditor once during the year, without the presence of 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 financial statements.

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

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

For FY 2019, an aggregate amount of $645,000, comprising non-audit service fees of $309,000 and audit service fees of $336,000, was paid/payable to the external auditor of Keppel REIT and its subsidiaries.

Cognisant that the external auditor should be free from any business or other relationships with Keppel REIT that could materially interfere with its ability to act with integrity and objectivity, the ARC undertook a review of the independence of the external auditor and gave careful consideration to Keppel REIT's relationships with them during 2019. In determining the independence of the external auditor, the ARC reviewed all aspects of Keppel REIT's relationships with it including the processes, policies and safeguards adopted by Keppel REIT and the external auditor relating to auditor independence. The ARC also considered the nature of the provision of the non-audit services in 2019 and the corresponding fees and ensured that the fees for such non-audit services did not impair or threaten auditor independence. Based on the review, the ARC is of the opinion that the external auditor is, and is perceived to be, independent for the purpose of Keppel REIT's statutory financial audit.

Keppel REIT has complied with Rule 712 and Rule 715 read with Rule 716 of the Listing Manual in relation to the appointment of its auditing firms. In addition, none of the ARC members were former partners or directors of the external auditors within the last two years or hold any financial interest in the external auditor.

The ARC also reviewed the independence and performance of the internal audit function and was satisfied that the internal auditor was independent, adequately resourced and effective in performing its functions, and had appropriate standing within Keppel REIT and the Manager.

The ARC reviewed the "Whistle-Blower Policy" which provides 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 follows 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 Whistle-Blower Policy annually to ensure that it remains current. The details of the Whistle-Blower Policy are set out on pages 160 and 161 of this Annual Report.

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

ACCOUNTABILITY AND AUDIT: RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9:

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

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

Risk Assessment and Management of Business Risk

Recognising and managing risks in a timely and effective manner is essential 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 an experienced and well-qualified management team to handle its day-to-day operations.

The Board met seven times in FY 2019. 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 Keppel REIT and the Manager with a holistic and systematic approach to managing risks. 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. Details of the Manager's approach to risk management and internal control and the management of key business risks are set out in the "Risk Management" section on pages 166 and 167 of this Annual Report. The Manager is guided by a set of Risk Tolerance Guiding Principles ("Guiding Principles"), details of which are disclosed on page 166 of this Annual Report. The Manager has in place a framework to evaluate risk management (the "Assessment Framework") which was established to facilitate the Board's assessment on the adequacy and effectiveness of Keppel REIT's and the Manager's risk management system. The ERM Framework lays out the governing policies, processes and systems pertaining to each of the key risk areas of Keppel REIT and the Manager, and assessments are made on the adequacy and effectiveness of such policies, processes and systems. The Guiding Principles and Assessment Framework are reviewed and updated annually.

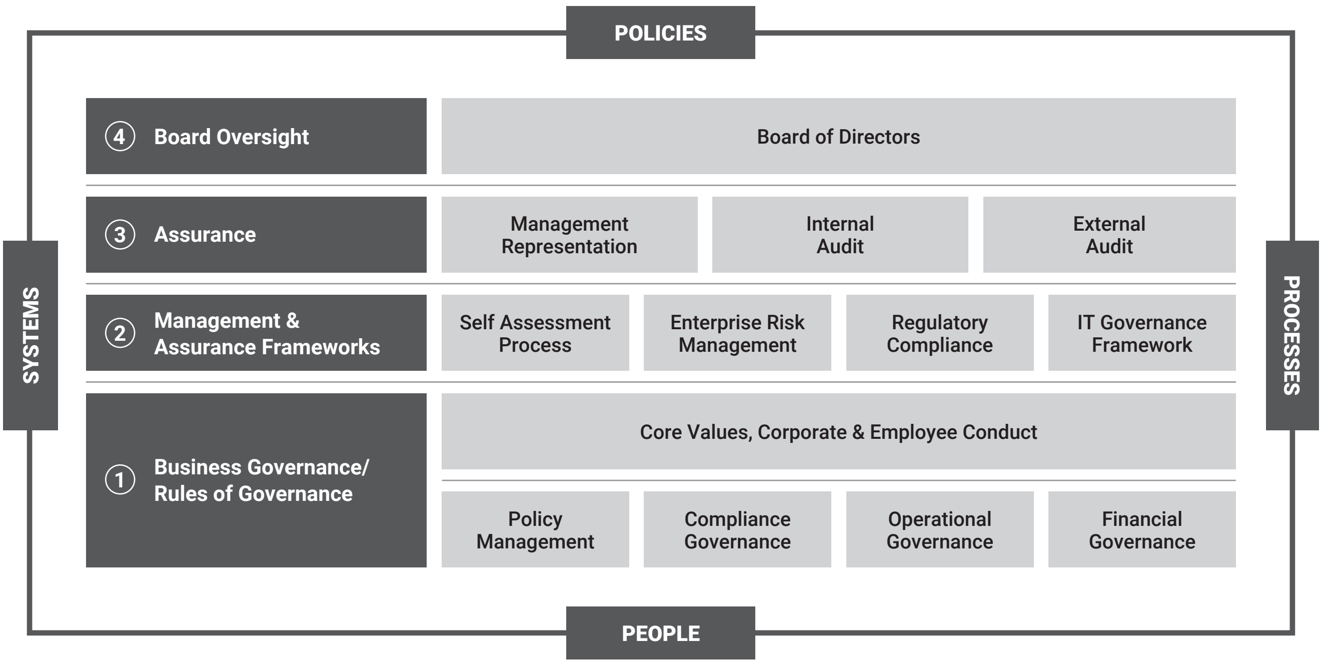
In addition, the Manager has adopted the Whistle-Blower Policy, Insider Trading Policy and Code of Practice for Safeguarding Information which reflect management's commitment to conduct its business within a framework that fosters the highest ethical and legal standards.

Independent Review of Internal Controls
Keppel REIT's and the Manager's internal auditor and external auditor conduct an annual review of the adequacy and 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 failure in internal controls and recommendations for improvements are reported to the ARC. The ARC also reviews the effectiveness of the actions taken by management on the recommendations made by the internal auditor and external auditor in this respect. Keppel REIT and the Manager have also put in place the Keppel REIT's System of Management Controls Framework (the "KSMC Framework") outlining Keppel REIT's and the Manager's internal control and risk management processes and procedures. The KSMC Framework comprises three Lines of Defence towards ensuring the adequacy and effectiveness of Keppel REIT's and the Manager'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 Keppel REIT's and the Manager's business scope and environment. Such policies and procedures govern financial, operational, information technology and regulatory compliance matters and are reviewed and updated periodically. Compliance governance is governed by the regulatory compliance management committee and working team. Employees are also guided by the Manager's core values and are expected to comply strictly with the Keppel Group Code of Conduct.

Under the second Line of Defence, Keppel REIT and the Manager are required to conduct a self-assessment exercise on an annual basis. This exercise requires Keppel REIT and the Manager 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. Regulatory compliance supports and works alongside business management to ensure relevant

KEPPEL REIT'S SYSTEM OF MANAGEMENT CONTROLS



CORPORATE GOVERNANCE

policies, processes and controls are effectively designed, managed and implemented to ensure compliance risks and controls are effectively managed.

Under the third Line of Defence, the CEO and Chief Financial Officer ("CFO") are required to provide Keppel REIT and the Manager with written assurances as to the adequacy and effectiveness of their system of internal controls and risk management. The internal and external auditors provide added independent assessments of the overall control environment.

The Board, supported by the ARC, oversees Keppel REIT's and the Manager's system of internal controls and risk management. The Board has received assurances from the CEO, Mr Paul Tham, and the CFO, Ms Kang Leng Hui, that, amongst others:

(1) the financial records of Keppel REIT and the Manager have been properly maintained and the financial statements give a true and fair view of the operations and finances of Keppel REIT and the Manager;

(2) the internal controls of Keppel REIT and the Manager are adequate and effective to address the financial, operational, compliance and information technology risks which Keppel REIT and the Manager 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 Keppel REIT's and the Manager's risk management system.

Based on the review of Keppel REIT's and the Manager's governing framework, systems, policies and processes in addressing the key risks under Keppel REIT's ERM Framework, the monitoring and review of Keppel REIT's overall performance and representation from the management, the Board, with the concurrence of the ARC, is of the view that, as at 31 December 2019, Keppel REIT's and the Manager's risk management system is adequate and effective.

Based on Keppel REIT's and the Manager's framework of management control, the internal control policies and procedures established and maintained by the Manager, and the regular audits, monitoring and reviews performed by the internal auditor and external auditor, the Board, with the concurrence of the ARC, is of the opinion that, as at 31 December 2019, Keppel REIT's and the Manager's internal controls are adequate and effective to address the financial, operational, compliance and information technology risks which Keppel REIT and the Manager consider relevant and material to its current business scope and environment.

The system of internal controls and risk management established by Keppel REIT and the Manager provides reasonable, but not absolute, assurance that Keppel REIT and the Manager 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

The internal audit function of Keppel REIT and the Manager is outsourced to Keppel Corporation Limited's Group Internal Audit department ("Internal Audit"). They were appointed as the internal auditor in February 2006.

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

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

As a member of the Institute of Internal Auditors ("IIA"), Internal Audit is guided by the International Standards for the Professional Practice Framework of Internal Auditing set by IIA. External quality assessment reviews are carried out at least once every five years by qualified professionals, with the last assessment conducted in 2016. The results re-affirmed that the internal audit activity conforms to the International Standards for the Professional Practice Framework of Internal Auditing. The professional competence of 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, as well as auditing and accounting pronouncements.

During the year, Internal Audit adopted a risk-based approach to audit planning and execution that focuses on significant risks, including financial, operational, compliance and information technology risks. An annual audit plan is developed using a structured risk and control assessment framework. Internal Audit's reports are submitted to the ARC for deliberation with copies of these reports extended to the relevant senior management personnel. A summary of findings and recommendations are discussed at the ARC meetings. To ensure timely and proper closure of audit findings, the status of the implementation of the actions agreed by management is tracked and discussed with the ARC.

UNITHOLDER RIGHTS, CONDUCT OF UNITHOLDER MEETINGS AND ENGAGEMENT WITH UNITHOLDERS AND STAKEHOLDERS

Principle 11:

The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Principle 12:

The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Principle 13:

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Manager values two-way communication to keep the investment community abreast of Keppel REIT's business developments and strategies, as well as gather feedback from investors. The Manager employs various platforms to enhance its outreach to Unitholders, with an emphasis on timely, accurate, fair and transparent disclosure of information.

In addition to Unitholders' meetings, management engaged with a total of 535 local and foreign investors and analysts through meetings, conference calls, post-results engagements and site visits. Management also participated widely in local and overseas conferences to engage with the global investors and understand their views. More details on the Manager's investor relations activities are found on pages 20 to 22 of this Annual Report.

The Manager has in place an Investor Relations Policy which sets out the principles and practices that the Manager applies when providing 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 www.keppelreit.com and reviewed regularly to ensure relevance and effectiveness.

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

Unitholders are also kept abreast of the latest announcements and updates on Keppel REIT via the website and email alert system. Unitholders and members of the public can post questions via the feedback and general enquiries webpage, or to the investor relations contact available on the REIT's website.

The Manager seeks to provide Unitholders with the opportunity to participate effectively and vote at Unitholders' meetings. In this regard, Unitholders' meetings are generally held in central locations which are easily accessible by public transportation. Unitholders are informed of Unitholders' meetings through SGXNET, the REIT's website, annual reports or 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 or she is allowed to appoint up to two proxies to vote on his or her behalf at the meeting through proxy forms sent in advance. Where a Unitholder is a relevant intermediary (including but not limited to, a nominee company, a custodian bank or a CPF agent bank), such Unitholder may appoint more than one proxy to vote on its behalf at the meeting through proxy forms sent in advance, provided that each proxy must be appointed to exercise the rights attached to a different Unit or Units held by it (which number of Units and class shall be specified).

At Unitholders' meetings, each distinct issue is proposed as a separate resolution, unless the resolutions are interdependent and linked so as to form one significant proposal. All resolutions proposed at the meeting will be voted on by way of an electronic poll and the results of the poll will be displayed "live" to Unitholders/proxies immediately after each poll is conducted. An independent scrutineer is also appointed to validate voting procedures and oversee the process. The total number of votes cast for or against each resolution and the respective percentages are also announced in a timely manner after the meeting via SGXNET.

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

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

The company secretaries of the Manager prepare minutes of Unitholders' meetings, which incorporate comments or queries from Unitholders and responses from the Board and management. These minutes are published on the REIT's website.

Keppel REIT's policy is to distribute at least 90% of its taxable income for each financial year.

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 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:

THE NUMBER OF UNITHOLDERS' MEETINGS HELD IN FY 2019, AS WELL AS THE ATTENDANCE OF EACH BOARD MEMBER, ARE DISCLOSED IN THE FOLLOWING TABLE:

Director	Unitholders' Meetings Attended
Mrs Penny Goh	1
Mr Lee Chiang Huat	1
Mr Lor Bak Liang	1
Ms Christina Tan	1
Mr Tan Swee Yiow	1
Mr Alan Rupert Nisbet	1
Mr Ian Roderick Mackie[1]	-
No. of Meetings held in FY 2019	1

[1] Mr Mackie was appointed as a Director after the Unitholders' meeting.

CORPORATE GOVERNANCE

(1) The Manager will not manage any other real estate investment trust which invests in the same type of properties as Keppel REIT.
(2) All resolutions in writing of the directors of the Manager in relation to matters concerning Keppel REIT must be approved by at least a majority of the directors of the Manager, including at least one Independent Director.
(3) At least one-third of the Board shall comprise independent directors.
(4) In respect of matters in which Keppel Corporation Limited and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by Keppel Corporation Limited and/or its subsidiaries to the Board to represent their interests will abstain from deliberation and voting on such matters. For such matters, the quorum must comprise a majority of the independent directors and must exclude nominee directors of Keppel Corporation Limited and/or its subsidiaries.

It is also provided in the Trust Deed that if the Manager is required to decide whether or not 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 a Related Party (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) of the Manager, the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) which 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 a Related Party of the Manager and the Trustee may take such action as it deems necessary to protect the rights of Unitholders and/or which is in the interests of Unitholders. Any decision by the Manager not to take action against a Related Party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such Related Party.

KEPPEL GROUP CODE OF CONDUCT

The Manager adheres to the Keppel Group Code of Conduct. The Code of Conduct applies to all of the Manager's employees and aims to establish the highest standards of integrity among its staff and reinforce 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 spelt out to protect the business, resources and reputation of Keppel REIT and the Manager. 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.

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.

RELATED PARTY TRANSACTIONS

The Manager's Internal Control System

The Manager has established an internal control system to ensure that all Related 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 a Related 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 Related Party at a price not more than the higher of the two assessed values, or sold to the Related 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 evaluate and provide an opinion that the transaction is on normal commercial terms and is not prejudicial to the interests of Keppel REIT and the Unitholders.

The Manager maintains a register to record all Related Party transactions which are entered into by Keppel REIT and the bases, including any quotations from unrelated parties and independent valuations, on which they are entered into. The Manager also incorporates into its internal audit plan a review of all Related Party transactions entered into by Keppel REIT. The ARC reviews the internal audit reports to ascertain that the guidelines and procedures established to monitor Related Party transactions have been complied with. The Trustee also has the right to review such audit reports to ascertain that the Property Funds Appendix has been complied with. The following procedures are undertaken:

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding $100,000 in value but below 3.0% 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 Related Party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of Keppel REIT's net tangible assets will be subject to the review and prior approval of the ARC. Such approval shall only be given if the transactions are on normal commercial terms and not prejudicial to the interests of Keppel REIT and its Unitholders 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 Related Party during the same financial year) equal to or exceeding 5.0% of the value of Keppel REIT's net tangible

assets will be reviewed and approved prior to such transactions being entered into, 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. Furthermore, under the Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

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 a Related Party of Keppel REIT or the Manager, 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
- are in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question.

The Trustee has the discretion under the Trust Deed to decide whether or not to enter into a transaction involving a Related Party of Keppel REIT or the Manager. If the Trustee is to sign any contract with a Related Party of Keppel REIT or the Manager, 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 REITs.

Keppel REIT will, in compliance with Rule 905 of the Listing Manual, announce any interested person transaction in accordance with the Listing Manual 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 3.0% or more of Keppel REIT's latest audited net tangible assets.

The aggregate value of all Related Party 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 that financial year.

Role of the Audit and Risk Committee for Related Party Transactions

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

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

The ARC reviews all Related 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 risk management and 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 auditor and internal auditor, and consider the effectiveness of actions or policies taken by management on the recommendations and observations.

(4) Review the independence and objectivity of external and internal auditors annually.

(5) Review the nature and extent of non-audit services performed by external auditor.

(6) Meet with external and internal auditors, without the presence of management, at least once a year.

(7) Make recommendations to the Board on the proposals to Unitholders on the appointment, re-appointment and removal of the external auditor, and approve the remuneration and terms of engagement of the external auditor.

(8) Review the adequacy and effectiveness of the Manager's and Keppel REIT's internal audit function, at least once a year.

(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 Related Party 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).

(14) Investigate any matters within the ARC's purview, whenever it deems necessary.

(15) Obtain recommendations on risk tolerance and strategy from management, and where appropriate, report 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, risk parameters 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 strategy, risk culture, risk assessment, risk mitigation and monitoring processes and procedures.

(17) Review the Information Technology (IT) governance and cybersecurity framework to ascertain alignment with business strategy and Keppel REIT's risk tolerance including monitoring the adequacy of IT capability and capacity to ensure business objectives are well-supported with adequate measures to safeguard corporate information, operating assets, and effectively monitor the performance, quality and integrity of IT service delivery.

(18) Receive and review at least quarterly reports from management on the Manager's and Keppel REIT's risk profile and major risk exposures and the steps taken to monitor, control and mitigate such risks.

(19) Review the Manager's risk management capabilities including capacity, resourcing, systems, training, communication channels as well as competencies in identifying and managing new risk types.

(20) Review and monitor management's responsiveness to the critical risk and compliance issues and material matters identified and recommendations of the ARC.

(21) Provide timely input to the Board on critical risk and compliance issues, material matters, findings and recommendations.

(22) Review the assurance and steps taken by the Chief Executive Officer and other key management personnel for their relevant areas of responsibilities, regarding the adequacy and effectiveness of the Manager's risk management system.

(23) Receive and review updates from Management to assess the adequacy and effectiveness of the Manager's compliance framework in line with relevant laws, regulations and best practices.

(24) Through interactions with the compliance lead who has a direct reporting line to the ARC, review and oversee performance of the Manager's implementation of compliance programmes.

(25) Review and monitor the Manager's approach to ensuring compliance with regulatory commitments, including progress of remedial actions where applicable.

(26) Review the adequacy, effectiveness and independence of the Manager's Risk and Compliance function, at least once a year, and report the ARC's assessment to the Board.

(27) Review the ARC's terms of reference annually and recommend any proposed changes to the Board.

(28) Review and report to the Board annually on the adequacy and effectiveness of the Manager and Keppel REIT's risk management and internal controls systems, including financial, operational, compliance and information technology controls so that the Board may form an opinion on the adequacy of the risk management system and internal controls.

(29) Review the Board's opinion on the adequacy and effectiveness of the Manager's risk management systems and internal controls and state whether it concurs with the Board's opinion.

(30) Where there are material weaknesses identified in the Manager's risk management systems, to consider and recommend the necessary steps to be taken to address them.

(31) Ensure that the compliance lead has direct and unrestricted access to the Chairman of the ARC.

(32) Perform such other functions as the Board may determine.

(33) 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 and re-appointment of Directors (including alternate Directors, if any).

(2) Annual review of the structure and size of the Board and Board committees, and the balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age.

(3) Recommend to the Board a Board Diversity Policy (including the qualitative, and measurable quantitative, objectives (as appropriate) for achieving board diversity), and conduct an annual review of the progress towards achieving these objectives.

(4) Annual review of the independence of each Director, and to ensure that the Board comprises (a) majority non-executive Directors, and (b) at least one-third, or (if Chairman is not independent) a majority of, independent Directors.

(5) Assess, 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 Company.

(6) 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, the Board committees and the contribution of the Chairman and each Director.

(7) Annual assessment of the effectiveness of the Board as a whole, the Board committees and the contribution of the Chairman and individual Directors.

(8) Review the succession plans for the Board (in particular, the Chairman) and key management personnel.

(9) Review talent development plans.

(10) Review the training and professional development programmes for Board members.

(11) 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 the key management personnel, including review of all long-term and short-term incentive plans, with a view to aligning the level and structure of remuneration to the Company's long-term strategy and performance.

(12) Consider all aspects of remuneration to ensure that they are fair, and review the Company'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.

(13) 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).

(14) Review the ongoing appropriateness and relevance of the remuneration policy to ensure that the level and structure of the remuneration are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

(15) Review the level and structure of remuneration for directors and key management personnel relative to the internal and external peers and competitors to ensure that the remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the Company for the long term.

(16) Set performance measures and determine targets for any performance-related pay schemes.

(17) Administer the Company's long-term incentive schemes in accordance with the rules of such schemes.

(18) Report to the Board on material matters and recommendations.

(19) Review the Nominating and Remuneration Committee's terms of reference annually and recommend any proposed changes to the Board for approval.

(20) Perform such other functions as the Board may determine.

(21) Sub-delegate any of its powers within its terms of reference as listed above, from time to time, as this Committee may deem fit.

BOARD ASSESSMENT

Evaluation processes

Board

Each Board member is required to complete a Board Evaluation Questionnaire and send the completed Questionnaire directly to the Independent Co-ordinator within five working days. An "Explanatory Note" is attached to the Questionnaire to clarify the background, rationale and objectives of the various performance criteria used in the Board Evaluation Questionnaire with the aim of achieving consistency in the understanding and interpretation of the questions. Based on the returns from each of the Directors, the Independent Co-ordinator prepares a consolidated report and briefs the NRC Chairman and Chairman on the report. Thereafter, the Independent Co-ordinator will present the report to the Board for discussion on the changes which should be made to help the Board discharge its duties more effectively.

Individual Directors

In the assessment of the performance of the non-executive Directors, each Director is required to complete the non-executive Directors' assessment form and send the completed form directly to the Independent Co-ordinator within five working days. Each non-executive Director is also required to perform a self-assessment in addition to a peer assessment. Based on the returns, the Independent Co-ordinator prepares a consolidated report and briefs the NRC Chairman and the Chairman. Thereafter, the report is presented to the NRC. Following the meeting and if necessary, the NRC Chairman will meet with non-executive Directors individually to provide feedback on their respective performance with a view to improving their board performance.

Chairman

The Chairman Evaluation Form is completed by each non-executive Director (other than the Chairman) and sent directly to the Independent Co-ordinator within five working days. Based on the returns from each of the non-executive Directors, the Independent Co-ordinator prepares a consolidated report and briefs the NRC Chairman and the Chairman on the report. Thereafter, the Independent Co-ordinator will present the report to the NRC.

Performance Criteria

The performance criteria for the board evaluation are in respect of board size and composition, board independence, board processes, board information and accountability, board performance in relation to discharging its principal functions and board committee performance in relation to discharging its responsibilities set out in its terms of reference. Based on the responses received, the Board continues to perform and fulfill its duties, responsibilities and performance objectives in accordance with the established Board processes of the Company.

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 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.

The assessment of the Chairman of the Board is based on her ability to lead, whether she established proper procedures to ensure the effective functioning of the Board, whether she ensured that the time devoted to board meetings was appropriate (in terms of number of meetings held a year and duration of each board meeting) for effective discussion and decision making by the Board, whether she ensured that information provided to the Board was adequate (in terms of adequacy and timeliness) for the Board to make informed and considered decisions, whether she guides discussions effectively so that there is timely resolution of issues, whether she ensured that meetings are conducted in a manner that facilitates open communication and meaningful participation, and whether she ensured that Board committees are formed where appropriate, with clear terms of reference, to assist the Board in the discharge of its duties and responsibilities.

KEPPEL REIT MANAGEMENT WHISTLE-BLOWER POLICY

The Whistle-Blower Policy was established to encourage reporting in good faith of suspected Reportable Conduct (as defined below) by establishing clearly defined processes and reporting channels 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 Whistle-Blower 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 Whistle-Blower 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.

Keppel Corporation Limited's Head of Internal Audit is the Receiving Officer for the purposes of the Whistle-Blower Policy, and is responsible for the administration, implementation and overseeing ongoing compliance with the Whistle-Blower Policy. She reports directly to the ARC Chairman on all matters arising under the Whistle-Blower Policy.

Reporting Mechanism

The Whistle-Blower 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 shall not upon receiving or becoming aware of any report, take any independent action or start any investigation in connection with the report unless otherwise directed by the ARC Chairman or the Receiving Officer. 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) via the established reporting channel, he or shemay make the report directly to the ARC Chairman.

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

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.

Investigation

Every report received (whether oral or written, and anonymous or otherwise) will be assessed by the Receiving Officer, who will review the information disclosed, interview the Whistle-Blower(s) when required and if contactable and, either exercising his/her own discretion or in consultation with the Investigation Advisory Committee, make recommendations to the ARC Chairman as to whether the circumstances warrant an investigation. If the ARC Chairman or, if the ARC Chairman consults the ARC, the ARC, determines that an investigation should be carried out, the ARC Chairman or, as the case may be, the ARC, shall determine the appropriate investigative process to be employed. 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. An Investigation Advisory Committee assists the ARC Chairman with overseeing the investigation process and any matters arising therefrom.

All employees have a duty to cooperate with investigations initiated under the Whistle-Blower Policy. An employee may be placed on administrative leave or 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 Whistle-Blower Policy or having participated in an 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 whether, and to what extent, the 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
Mrs Penny Goh	Chairman and Non-Executive Director	-	-
Mr Lee Chiang Huat	Independent Director	Chairman	-
Mr Lor Bak Liang	Independent Director	Member	Member
Ms Christina Tan	Non-Executive Director	-	Member
Mr Tan Swee Yiow	Non-Executive Director	-	-
Mr Alan Rupert Nisbet	Independent Director	Member	-
Mr Ian Roderick Mackie	Independent Director	-	Chairman

CORPORATE GOVERNANCE

Rule 720(6) of the Listing Manual of the SGX-ST

The information required under Rule 720(6) read with Appendix 7.4.1 of the Listing Manual in respect of Directors whom the Manager is seeking endorsement or re-endorsement by Unitholders at the annual general meeting to be held in 2020 is set out below.

Name of Director	Mrs Penny Goh	Ms Christina Tan	Mr Tan Swee Yiow	Mr Ian Roderick Mackie
Date of Appointment	5 October 2016	15 September 2016	20 March 2017	5 December 2019
Date of last re-appointment (if applicable)	21 April 2017	21 April 2017	21 April 2017	N.A.
Age	67	54	59	64
Country of principal residence	Singapore	Singapore	Singapore	Australia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The process for succession planning for the Board, appointment of directors, and the seeking of endorsement or re-endorsement of Directors to the Board, is set out on pages 146 to 147 of this Annual Report.			
Whether the appointment is executive, and if so, the area of responsibility	Non-executive	Non-executive	Non-executive	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive Chairman	Non-Executive Director and Member of the Nominating and Remuneration Committee	Non-Executive Director	Independent Director and Chairman of the Nominating and Remuneration Committee
Professional qualifications	Bachelor of Law (Honours), University of Singapore	Bachelor of Accountancy (Honours), National University of Singapore; CFA® Charterholder	Bachelor of Science (First Class Honours) in Estate Management, National University of Singapore; Master of Business Administration, Nanyang Technological University	Bachelor of Arts (Economics & Law), University of Canberra; Associate, Society of Land Economists, Australia
Working experience and occupation(s) during the past 10 years	From Jan 2017 to Dec 2019: Co-Chairman and Senior Partner of Allen & Gledhill LLP Prior to Jan 2017: Partner of Allen & Gledhill LLP	From Jan 2016 to Present: Chief Executive Officer of Keppel Capital Holdings Pte. Ltd. From Jan 2012 to Jan 2018: Managing Director of Alpha Investment Partners Limited From 2003 to Jul 2011: Chief Financial Officer of Alpha Investment Partners Limited	From Jan 2019 to Present: Chief Executive Officer of Keppel Land Limited From Mar 2017 to Dec 2018: Chief Executive Officer of Keppel REIT Management Limited (the manager of Keppel REIT) From Jan 2013 to Mar 2017: President, Singapore and Head, Hospitality Management of Keppel Land International Limited From Jan 2010 to Dec 2012: President, Singapore Commercial and Head, Regional Investments of Keppel Land International Limited	Former International Director & Head of Private Equity and Strategic Partnerships of LaSalle Investment Management Asia Pte Ltd
Shareholding interest in the listed issuer and its subsidiaries	175,408 units in Keppel REIT	2,000 units in Keppel REIT	1,708,616 units in Keppel REIT	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No	No	No
Conflict of interest (including any competing business)	No	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes

Name of Director	Mrs Penny Goh	Ms Christina Tan	Mr Tan Swee Yiow	Mr Ian Roderick Mackie
Other Principal Commitments including Directorships - Past (for the last 5 years)	Nil	Various subsidiaries and associated companies of Alpha Investment Partners Limited and funds managed by Alpha Investment Partners Limited	Various subsidiaries and associated companies of Keppel Land Limited and Keppel REIT	Nil
Other Principal Commitments including Directorships - Present	Allen & Gledhill LLP (Senior Adviser); Keppel Corporation Limited (Board Member); Mapletree Logistics Trust Management Ltd (the manager of Mapletree Logistics Trust) (Board Member up to 31 March 2020); HSBC Bank (Singapore) Limited (Board Member)	Keppel Capital Holdings Pte Ltd (Chief Executive Officer)	Keppel Land Limited (Chief Executive Officer)	Urban Land Institute, Australia (Chairman); Urban Land Institute Asia Pacific (Board Member); Urban Land Institute Asia Pacific Foundation (Board Member); Urban Land Institute (Global Governing Trustee)
Any prior experience as a director of an issuer listed on the Exchange?	Yes	Yes	Yes	No
If yes, please provide details of prior experience.	Mapletree Logistics Trust Management Limited (the manager of Mapletree Logistics Trust); Keppel Corporation Limited	Keppel REIT Management Limited (the manager of Keppel REIT); Keppel DC REIT Management Pte Ltd (the manager of Keppel DC REIT); Keppel Infrastructure Fund Management Pte Ltd (the trustee-manager of Keppel Infrastructure Trust)	Keppel REIT Management Limited (the manager of Keppel REIT)	N.A.
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.	N.A.	N.A.	Mr Mackie will be attending the training as prescribed by the Exchange.

CORPORATE GOVERNANCE

Summary of Disclosures of 2018 Code

Rule 710 of the SGX Listing Manual requires Singapore listed companies to describe their corporate governance practices with specific reference to the Code of Corporate Governance 2018 (the "2018 Code") in their annual reports for financial years commencing on or after 1 January 2019. This summary of disclosures describes our corporate governance practices with specific reference to the disclosure requirements under the 2018 Code.

Board Matters

The Board's Conduct of Affairs

Principle 1

Provision 1.1	Pages 143, 144 and 156
Provision 1.2	Page 145
Provision 1.3	Pages 143 and 144
Provision 1.4	Pages 145 to 154 and 157 to 159
Provision 1.5	Pages 144 and 148
Provision 1.6	Page 145
Provision 1.7	Pages 144 and 145

Board Composition and Guidance

Principle 2

Provision 2.1	Pages 147 and 148
Provision 2.2	Page 147
Provision 2.3	Page 147
Provision 2.4	Pages 146 and 147
Provision 2.5	Page 144

Chairman and Chief Executive Officer

Principle 3

Provision 3.1	Page 145
Provision 3.2	Page 145
Provision 3.3	Page 148

Board Membership

Principle 4

Provision 4.1	Pages 145, 148, 158 and 159
Provision 4.2	Page 145
Provision 4.3	Pages 146 and 147
Provision 4.4	Pages 147 and 148
Provision 4.5	Pages 14 to 16, 145 and 148

Board Performance

Principle 5

Provision 5.1	Pages 148, 149, 159 and 160
Provision 5.2	Pages 159 and 160

Remuneration Matters

Procedures for Developing Remuneration Policies

Principle 6

Provision 6.1	Pages 149 to 151
Provision 6.2	Page 145
Provision 6.3	Pages 149 to 151
Provision 6.4	Page 149

Remuneration Matters

Level and Mix of Remuneration

Principle 7

Provision 7.1	Pages 149 to 151
Provision 7.2	Pages 149 to 151
Provision 7.3	Pages 149 to 151

Disclosure on Remuneration

Principle 8

Provision 8.1	Pages 149 to 151
Provision 8.2	Page 151
Provision 8.3	Pages 149 to 151

Accountability and Audit

Risk Management and Internal Controls

Principle 9

Provision 9.1	Pages 152 to 154
Provision 9.2	Page 154

Audit Committee

Principle 10

Provision 10.1	Pages 151 to 154 and 157 to 158
Provision 10.2	Page 152
Provision 10.3	Page 152
Provision 10.4	Page 154
Provision 10.5	Page 152

Shareholder Rights and Engagement

Shareholder Rights and Conduct of General Meetings

Principle 11

Provision 11.1	Pages 154 and 155
Provision 11.2	Page 155
Provision 11.3	Page 155
Provision 11.4	Page 155
Provision 11.5	Page 155
Provision 11.6	Page 155

Engagement with Shareholders

Principle 12

Provision 12.1	Pages 154 and 155
Provision 12.2	Page 155
Provision 12.3	Page 155

Managing Stakeholders Relationship

Engagement with Stakeholders

Principle 13

Provision 13.1	Page 155
Provision 13.2	Pages 154 and 155
Provision 13.3	Page 155

RISK MANAGEMENT

A sound and robust risk management framework ensures that Keppel REIT Management Limited (the "Manager") is ready to meet challenges and seize opportunities.

Keppel REIT's Enterprise Risk Management ("ERM") Framework, which forms part of Keppel REIT's System of Management Controls, provides a holistic and systematic approach to risk management. It 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. The ERM Framework also allows Keppel REIT to respond promptly and effectively in the constantly evolving business landscape.

5-STEP RISK MANAGEMENT PROCESS

Step 1 Identify	Understand strategy, identify value drivers and risk factors.
Step 2 Assess	Prioritise risk factors by assessing their potential impact and likehood of occurrence.
Step 3 Mitigate	Develop action plans to mitigate risks and identify key risk indicators (KRI) to monitor risks.
Step 4 Implement	Communicate and implement action plans.
Step 5 Monitor	Monitor mitigation results and KRI.

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 ERM Framework is dynamic and evolves to adapt to the changing business environment.

The risk assessment takes into account both the impact of the risk event and likelihood of occurrence, as well as covers the investment, financial, operational, reputational and other major aspects of Keppel REIT's business.

In its risk management process, the Manager utilises tools including risk rating matrices and risk registers.

The Board of Directors (the "Board"), supported by the Audit and Risk Committee ("ARC"), 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. The Board and the ARC provide valuable advice to management in formulating various risk policies and guidelines. The terms of reference of the ARC are disclosed on pages 157 and 158 of this Annual Report.

The Board and management of the Manager meet quarterly, or more frequently, when necessary, to review Keppel REIT's performance, assess its current and emerging risks, as well as respond to feedback from the risk and compliance manager and auditors.

The Board, assisted by the ARC, has 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, are:

1. Risks taken should be carefully evaluated, commensurate with rewards, and are 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 does not condone safety breaches or lapses, non-compliance with laws and regulations, as well as acts such as fraud, bribery and corruption.

The risk management assessment framework also determines the adequacy and effectiveness of the risk management system within Keppel REIT.

In 2019, the Board, with the concurrence of the ARC, 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 maximise distributable income growth. Measures include prompt lease renewals to reduce rental voids, monitoring of rental payments to minimise rental arrears and bad debts, as well as controlling property expenses to maximise net property income.
- Standard operating procedures are reviewed regularly and industry best practices are incorporated into daily operations.
- The Manager actively engages and fosters close relationships with tenants to manage a well-spread lease expiry profile.
- Business continuity plans are updated and tested regularly to ensure Keppel REIT is able to respond effectively to disruptions resulting from internal and external events, while continuing its critical business functions and minimising impact on its people, assets and building operations.
- Keppel REIT's assets undergo regular external audits to ensure that safety standards and procedures are implemented and up-to-date.
- For assets that are co-owned, the Manager works closely with the property managers and co-owners to optimise asset performance and control property expenses. The Manager and co-owners jointly assess and approve all leases and capital expenditures. The Manager also attends regular operational meetings to ensure that Keppel REIT's assets are well-managed.

- Asset enhancement works are conducted, when applicable, to ensure that the properties remain competitive.

2. **Financing Risk**
   - Liquidity and financing risks are managed in accordance with established guidelines and policies. The Manager proactively monitors its cash flow, debt maturity profile, gearing and liquidity positions, including diversifying its funding sources and managing tenure of borrowings, to ensure a well-staggered debt maturity profile.
   - The Manager seeks to maintain an optimal cash flow position and ensures that there are sufficient working capital lines to meet financial obligations.

3. **Exposure to Financial Markets Risk**
   - The Manager constantly monitors exposure to foreign exchange and interest rates. It utilises various financial instruments, where appropriate, to hedge against such risks.
   - As at end 2019, the interest rates of approximately 76% of total borrowings are fixed.
   - In 2019, the Manager adhered to its policy and forward-hedged the income from its assets in Australia and South Korea.

4. **Credit Risk**
   - Creditworthiness of tenants is assessed prior to signing of lease agreements. Credit risks are further mitigated through the upfront collection of security deposits, where applicable.
   - Systematic rental collection procedures are implemented to ensure regular collection of rents, thereby reducing rental arrears.

5. **Investment Risk**
   - Comprehensive due diligence is conducted prior to any proposed transaction to assess and evaluate potential investment risks.
   - 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 prevailing economic climate and market conditions.
   - The Board reviews and approves all investment proposals only after evaluating the feasibilities and risks involved.
   - To manage concentration risk, the effect of each proposed transaction on the Singapore-overseas ratio is assessed before any transaction.
   - Risks are taken in a considered and controlled manner, exercising the spirit of enterprise and prudence, to earn the optimal risk-adjusted returns on invested capital.

6. **Compliance Risk**
   - As a Capital Markets Services Licence holder, the Manager complies with applicable laws and regulations, including but not limited to the Listing Rules of the Singapore Exchange Securities Trading Limited (the " SGX-ST"), Code on Collective Investment Schemes ("CIS Code"), Property Funds Appendix of the CIS Code 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 closely monitors changes in legislations and regulations, as well as new developments in its operating environment.
   - Keppel REIT and the Manager undergo regular internal and external audits to ensure that they adhere to relevant policies and processes.
   - Recognising that non-compliance with laws and regulations has potential significant reputational and financial impact, particular emphasis is placed on regulatory compliance in all of Keppel REIT's business operations.

7. **Emerging Risks**
   - The Manager monitors evolving or emerging risks. Risks identified are considered and actions are taken to mitigate the risks as necessary.

ADDITIONAL INFORMATION

INTERESTED PERSON TRANSACTIONS

The transactions entered into with interested persons during the financial year which fall under the Listing Manual of the Singapore Exchange Securities Trading Limited (the "Listing Manual") and Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the "Property Funds Appendix") are as follows:

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000) FY2019 $'000	Aggregate value of all interested person transactions conducted under Unitholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)[1] FY2019 $'000
Keppel Corporation Limited and its subsidiaries or associates	Keppel Corporation Limited is a "controlling Unitholder" of the REIT and a "controlling shareholder" of the REIT Manager under the Listing Manual and the Property Funds Appendix		
- Manager's management fees		48,160	Nil
- Acquisition fee		2,933	Nil
- Divestment fee		2,738	Nil
- Property management and asset management fees and reimbursable		5,048	Nil
- Leasing commissions		2,664	Nil
- Rental support		2,690	Nil
- Settlement of accrued development costs for the approximate 87.5% interest in a subsidiary [2]		3,879	Nil
- Settlement of accrued development costs for one-third interest in an associate		5,516	Nil
- Entry into a joint venture agreement in connection with the acquisition of a subsidiary		154,628	Nil
- Purchase of services		208	Nil
- Rent and service charge income [3]		435	Nil
RBC Investor Services Trust Singapore Limited	Trustee of the REIT		
- Trustee's fees		1,232	Nil

1 Keppel REIT does not have a Unitholders' mandate.
2 This excludes the settlement of accrued development costs for the approximate 12.4% interest in the same subsidiary as the vendor of the approximate 12.4% interest is not an interested person under Chapter 9 of the Listing Manual.
3 The aggregate value of interested person transactions refers to the total contract sum entered into during the financial year.

The payments of the 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 pursuant to the Trust Deed have been approved at the extraordinary general meeting of shareholders of Keppel Land held on 11 April 2006, and are therefore not subject to Rules 905 and 906 of the Listing Manual. 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 is no subsequent change to the rates and/or basis of the fees charged thereunder which will adversely affect Keppel REIT.

Save as disclosed above, there were no other interested person transactions (excluding transactions less than $100,000 each) entered into during FY2019 nor any material contracts entered into by Keppel REIT that involved the interests of the Chief Executive Officer, any Director or controlling Unitholder of Keppel REIT.

Please also see significant related party transactions in Note 29 to the financial statements.

Subscription of Keppel REIT Units

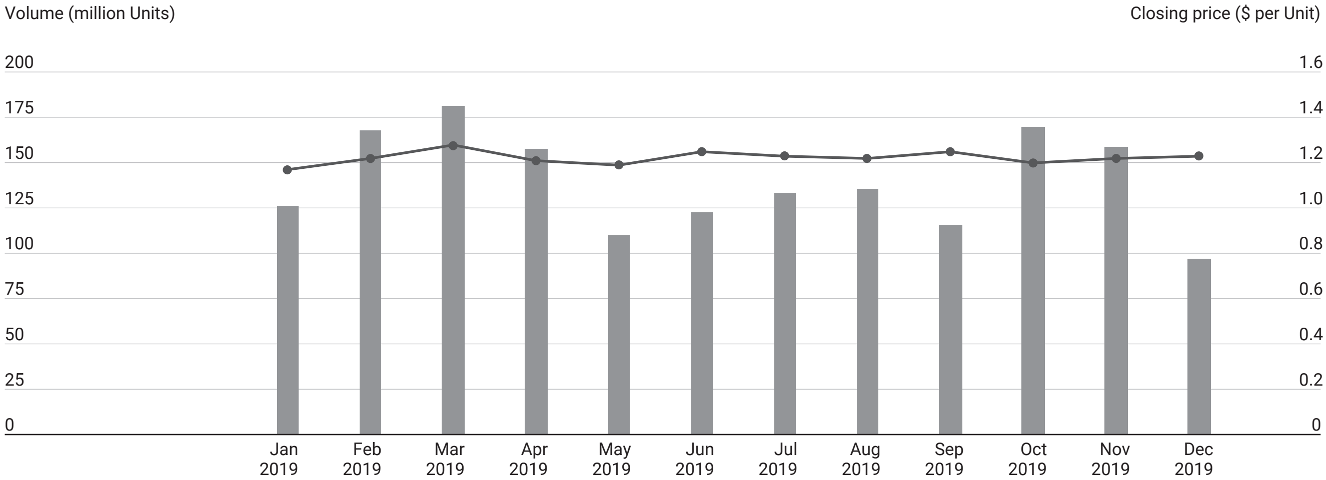
During the financial year ended 31 December 2019, Keppel REIT issued 40,456,154 new Units as payment of the Manager's management fees.

UNIT PRICE PERFORMANCE

Approximately 1.7 billion Keppel REIT Units were traded in 2019, 37.5%[1] higher than 2018. The Unit closed at $1.24 on 31 December 2019, 8.8%[1] higher than the previous year.

Total Unitholder return in 2019 was +13.8%[2]. 2019 distribution per Unit (DPU) was 5.58 cents, translating to a distribution yield of 4.5% based on the closing price of $1.24 per Unit on 31 December 2019.

2019 MONTHLY TRADING PERFORMANCE



Monthly trading volume (million Units)	125.9	168.0	181.5	157.8	109.9	122.6	133.5	135.7	115.8	169.9	159.0	97.0
Month-end closing Unit price ($ per Unit)	1.18	1.23	1.29	1.22	1.20	1.26	1.24	1.23	1.26	1.21	1.23	1.24

UNIT PRICE PERFORMANCE

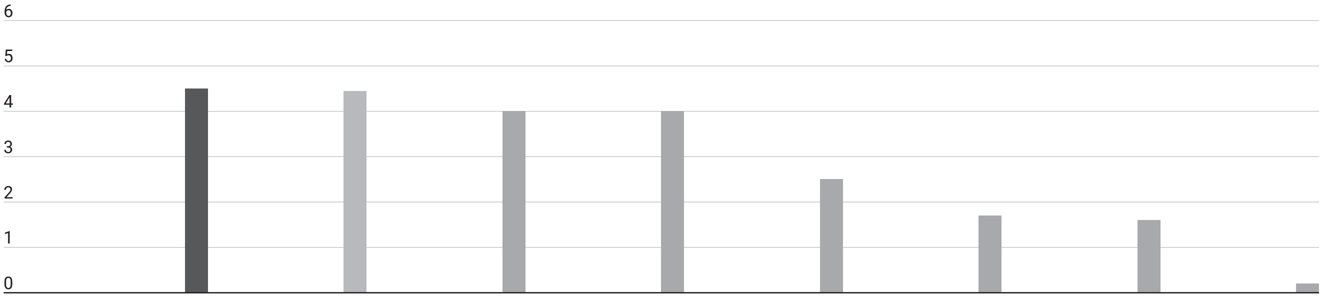
	2019	2018
Highest closing price ($ per Unit)	**1.30**	1.29
Lowest closing price ($ per Unit)	**1.15**	1.10
Average closing price ($ per Unit)	**1.23**	1.18
Closing price as at the last trading day of the year ($ per Unit)	**1.24**	1.14
Trading volume (million Units)	**1,676.6**	1,219.7

1 Based on the one-year cumulative traded volume and last Unit trading price as at 31 December 2019, compared to 31 December 2018.
2 Source: Bloomberg.

UNIT PRICE PERFORMANCE

COMPARATIVE YIELDS

as at 31 December 2019



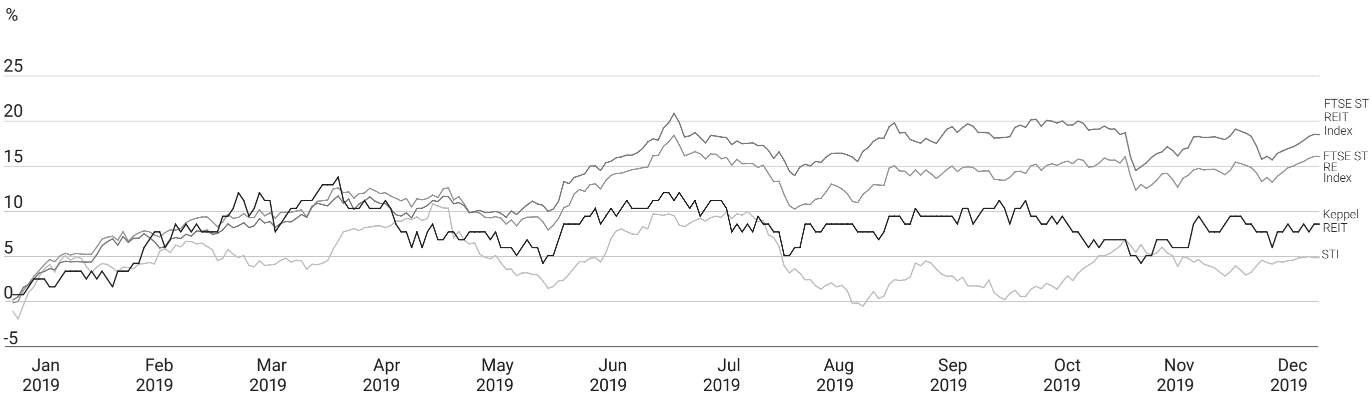
Keppel REIT[1]	FTSE ST REIT Index	FTSE ST RE Index	STI	CPF Ordinary Account	10-year SG Govt Bond	5-year SG Govt Bond	Bank Savings Deposit Rate
4.5%	4.4%	4.0%	4.0%	2.5%	1.7%	1.6%	0.2%

[1] Based on Keppel REIT's total DPU of 5.58 cents for 2019 and the closing price of $1.24 per Unit as at 31 December 2019.

Sources: Bloomberg, Monetary Authority of Singapore, Central Provident Fund and Singapore Government Securities.

UNIT PRICE PERFORMANCE AGAINST INDICES

for the period from 1 January 2019 to 31 December 2019



Keppel REIT	+8.8%
FTSE ST REIT Index	+18.8%
FTSE ST RE Index	+16.3%
STI	+5.0%

STATISTICS OF UNITHOLDINGS

As at 3 March 2020

ISSUED AND FULLY PAID UNITS

3,381,630,218 Units (Voting rights: 1 vote per Unit)

There is only one class of Units in Keppel REIT.

Market capitalisation of $4,057,956,262 based on market closing price of $1.20 per Unit on 3 March 2020.

DISTRIBUTION OF UNITHOLDINGS

SIZE OF UNITHOLDINGS	NO. OF UNITHOLDERS	%	NO. OF UNITS	%
1 - 99	4,721	10.54	265,312	0.01
100 - 1,000	16,095	35.95	7,639,242	0.22
1,001 - 10,000	16,321	36.45	65,909,752	1.95
10,001 - 1,000,000	7,596	16.97	323,887,756	9.58
1,000,001 AND ABOVE	42	0.09	2,983,928,156	88.24
TOTAL	**44,775**	**100.00**	**3,381,630,218**	**100.00**

TWENTY LARGEST UNITHOLDERS

NO.	NAME	NO. OF UNITS	%
1	Keppel REIT Investment Pte Ltd	1,476,216,367	43.65
2	Citibank Nominees Singapore Pte Ltd	456,832,965	13.51
3	DBS Nominees (Private) Limited	292,003,717	8.63
4	DBSN Services Pte. Ltd.	183,690,242	5.43
5	Keppel Capital Investment Holdings Pte Ltd	156,929,868	4.64
6	HSBC (Singapore) Nominees Pte Ltd	124,195,699	3.67
7	Raffles Nominees (Pte.) Limited	101,688,245	3.01
8	BPSS Nominees Singapore (Pte.) Ltd.	39,059,028	1.16
9	Keppel REIT Management Limited	30,228,285	0.89
10	United Overseas Bank Nominees (Private) Limited	20,133,603	0.60
11	Phillip Securities Pte Ltd	10,489,928	0.31
12	OCBC Nominees Singapore Private Limited	8,405,181	0.25
13	OCBC Securities Private Limited	6,749,202	0.20
14	DB Nominees (Singapore) Pte Ltd	6,552,148	0.19
15	BNP Paribas Nominees Singapore Pte. Ltd.	6,240,310	0.18
16	UOB Kay Hian Private Limited	6,105,705	0.18
17	NTUC Fairprice Co-Operative Ltd	5,439,735	0.16
18	Ong Kay Eng	5,000,000	0.15
19	Peh Kwee Chim	4,000,003	0.12
20	Liew Shiau Wei or Liew Shiau Min	3,665,304	0.11
	Total	**2,943,625,535**	**87.04**

STATISTICS OF UNITHOLDINGS

As at 3 March 2020

The Manager's Directors' Unitholdings

Based on the Register of Directors' Unitholdings maintained by the Manager, as at 21 January 2020, the direct and deemed interests of each Director in the Units[1] in Keppel REIT are as follows:

Name of Director	No. of Units
Penny Goh	175,408 (Direct)
Lee Chiang Huat	25,100(Direct)
Lor Bak Liang	136,291 (Direct)
Christina Tan	2,000 (Direct)
Tan Swee Yiow	1,334,030 (Direct)
Alan Rupert Nisbet	14,700 (Deemed)[2]
Ian Roderick Mackie	Nil

1 As at 21 January 2020, none of the Directors have any interests in any convertible securities in Keppel REIT.
2 Mr Nisbet has a deemed interest in Units held by his spouse.

Substantial Unitholders

Based on the Register of Substantial Unitholders' Unitholdings maintained by the Manager as at 3 March 2020, the direct and deemed interests of each Substantial Unitholders of Keppel REIT in the Units in Keppel REIT are as follows:

Name	No. of Units	%
Temasek Holdings (Private) Limited	1,685,351,525 (Deemed)[1]	49.84
Keppel Corporation Limited	1,663,374,720 (Direct & Deemed)[2]	49.19
Keppel Land Limited	1,476,216,367 (Deemed)[3]	43.65
Keppel Land (Singapore) Pte. Ltd.	1,476,216,367 (Deemed)[4]	43.65
Keppel REIT Investment Pte. Ltd.	1,476,216,367 (Direct)	43.65
Keppel Capital Holdings Pte. Ltd.	187,158,153 (Deemed)[5]	5.53

Notes:

(1) Temasek Holdings (Private) Limited's deemed interest arises from the interest held by Keppel Corporation Limited and other subsidiaries and associated companies of Temasek Holdings (Private) Limited.

(2) Keppel Corporation Limited's deemed interest arises from its shareholdings in (i) Keppel Capital Investment Holdings Pte. Ltd. and Keppel REIT Management Limited, both of which are wholly-owned subsidiaries of Keppel Corporation Limited held through Keppel Capital Holdings Pte. Ltd. and (ii) Keppel REIT Investment Pte. Ltd., a wholly-owned subsidiary of Keppel Corporation Limited held through Keppel Land (Singapore) Pte. Ltd. and Keppel Land Limited.

(3) Keppel Land Limited's deemed interest arises from its shareholdings in Keppel REIT Investment Pte. Ltd., a wholly-owned subsidiary of Keppel Land (Singapore) Pte. Ltd. which is in turn a subsidiary of Keppel Land Limited.

(4) Keppel Land (Singapore) Pte. Ltd.'s deemed interest arises from its shareholdings in Keppel REIT Investment Pte. Ltd., a wholly-owned subsidiary of Keppel Land (Singapore) Pte. Ltd.

(5) Keppel Capital Holdings Pte. Ltd.'s deemed interest arises from its shareholdings in Keppel Capital Investment Holdings Pte. Ltd. and Keppel REIT Management Limited, both of which are wholly-owned subsidiaries of Keppel Capital Holdings Pte. Ltd.

Public Unitholders

Based on the information available to the Manager as at 3 March 2020, approximately 50.10% 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 SGX-ST, 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 3 March 2020, there are no treasury units held by Keppel REIT or the Manager.

CORPORATE INFORMATION

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(Partner-in-charge: Mr Yeow Chee Keong)
(With effect from financial year ended 31 December 2016)

THE MANAGER
Keppel REIT Management Limited
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Website: https://www2.sgx.com/securities/retail-investor

JOINT COMPANY SECRETARIES
Mr Kelvin Chua

Mr Marc Tan Weiqiang

DIRECTORS OF THE MANAGER
Mrs Penny Goh
Chairman and
Non-Executive Director

Mr Lee Chiang Huat
Independent Director

Mr Lor Bak Liang
Independent Director

Ms Christina Tan
Non-Executive Director

Mr Tan Swee Yiow
Non-Executive Director

Mr Alan Rupert Nisbet
Independent Director

Mr Ian Roderick Mackie
Independent Director

AUDIT AND RISK COMMITTEE
Mr Lee Chiang Huat (Chairman)

Mr Lor Bak Liang

Mr Alan Rupert Nisbet

NOMINATING AND REMUNERATION COMMITTEE
Mr Ian Roderick Mackie (Chairman)

Ms Christina Tan

Mr Lor Bak Liang

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