Keppel REIT

Solutions for
Sustainable Urbanisation

Report to Unitholders 2017

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.

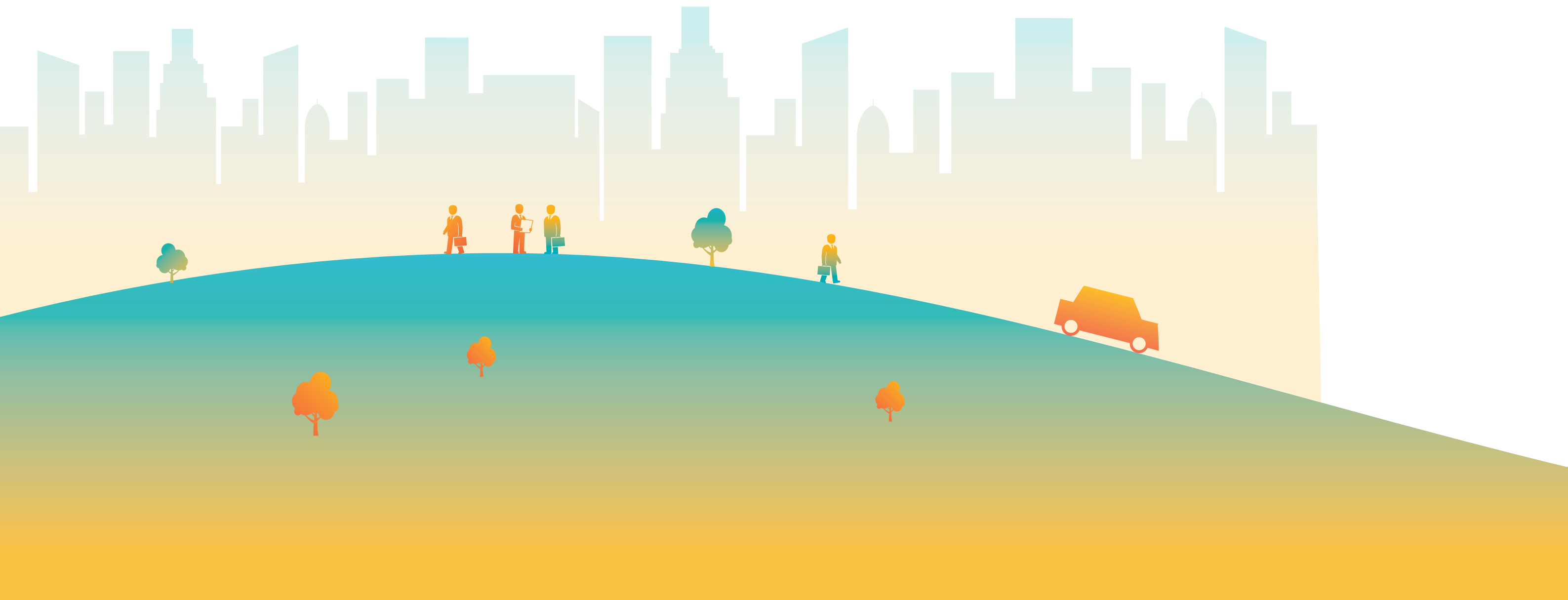
Keppel Group's Operating Principles

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

Solutions for Sustainable Urbanisation

Keppel is a multi-business company committed to providing robust solutions for sustainable urbanisation.

As the Manager of Keppel REIT, we will continue to generate stable income and long-term growth for Unitholders through driving excellence in our sterling portfolio of assets.



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Key Figures for 2017

Unitholder Return

29.1%

Unitholder return of 29.1%[1] for the financial year 2017 (FY 2017), based on the year end Unit price returns of 23.5%, and distribution per Unit of 5.70 cents declared for FY 2017. Distribution yield was 4.5%[2].

Distributable Income

$190.7m

Stable quarter-on-quarter for FY 2017, but lower year-on-year (y-o-y) due mainly to absence of other gains distribution and income from the divested 77 King Street, as well as lower rental support and one-off income received.

Net Property Income

$131.2m

Improved y-o-y due mainly to higher income contribution from Ocean Financial Centre, 275 George Street and 8 Exhibition Street.

Share of Results of Associates and Joint Ventures

$115.8m

Improved y-o-y due mainly to better performance from Marina Bay Financial Centre and David Malcolm Justice Centre.

All-In Interest Rate

2.62%

All-in interest rate was 2.62% per annum (p.a.) and interest coverage ratio was 4.3 times as at 31 December 2017. Fixed-rate borrowings were at 77% of total borrowings[3] to manage interest rate volatility.

Assets Under Management

$8.5b

Increased to $8.5 billion[4] due to the strategic addition of a freehold office tower under development at 311 Spencer Street in Melbourne, which will deliver stable average yield of 6.4%[5] p.a. over the first 15 years from lease commencement.

Portfolio Committed Occupancy

99.7%

Signed leases of approximately 829,500 sf (attributable space of about 377,700 sf) in total, as well as maintained high committed occupancy of 99.7%[4] and portfolio tenant retention rate of 95%.

Global Real Estate Sustainability Benchmark (GRESB)

2nd

Emerged 2nd among 13 Asian listed office entities, and 3rd among 52 Asian listed companies in the internationally-recognised GRESB 2017.

1 Based on the Unit prices as at the respective year-ends and distributions declared for FY 2017.
2 Based on the closing price per Unit of $1.26 as at 31 December 2017.
3 Included Keppel REIT's proportionate share of borrowings carried at One Raffles Quay Pte Ltd and Central Boulevard Development Pte. Ltd.
4 As at 31 December 2017.
5 Based on the expected net property income for the first 15 years, over the consideration of A$347.8 million. There is a market rent review at the commencement of year 16, subject to a cap and collar.

Corporate Profile

Keppel REIT was listed by way of an introduction on 28 April 2006. It is one of Asia's leading REITs with assets under management of over $8 billion.

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.

Its sterling portfolio comprises interests in nine premium office assets strategically located in the central business districts of Singapore, as well as key Australian cities of Sydney, Melbourne, Brisbane and Perth.

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

In Australia, Keppel REIT owns 50% interests in 8 Chifley Square in Sydney, 8 Exhibition Street[1] in Melbourne, 275 George Street in Brisbane and David Malcolm Justice Centre in Perth. Keppel REIT also has a 50% interest in a premium office tower which is under construction at 311 Spencer Street in Melbourne.

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

[1] Keppel REIT owns a 50% interest in the 8 Exhibition Street office building and 100% interest in another 3 retail units.

Financial Highlights

Actuals
for the financial year ended 31 December

	2017 $'000	2016 $'000	Change %
Property income	**164,516**[1]	161,252[2]	2.0
Net property income	**131,200**	128,370	2.2
Share of results of associates[3]	**83,795**	83,460	0.4
Share of results of joint ventures[4]	**31,959**	30,789	3.8
Distributable income	**190,730**	208,123	(8.4)

Balance Sheet
as at 31 December

	2017 $'000	2016 $'000	Change %
Total assets	**7,604,288**	7,535,325	0.9
Total liabilities	**2,689,030**	2,636,767	2.0
Unitholders' funds	**4,763,424**	4,746,717	0.4
Perpetual securities	**149,701**	149,701	–
Total borrowings (gross)[5]	**3,374,565**	3,329,450	1.4
Value of deposited properties	**8,718,254**	8,649,064	0.8
Market capitalisation[6]	**4,247,125**	3,357,448	26.5
Net asset value per Unit ($)	**1.41**	1.44	(2.1)
Adjusted net asset value per Unit ($) – excluding distributable income	**1.40**	1.43	(2.1)

Financial Ratios

	2017	2016	Change %
Distribution per Unit (DPU) (cents)	**5.70**[7]	6.37[8]	(10.5)
Distribution yield (%)[6]	**4.5**	6.2	(27.4)
Interest coverage ratio (times)	**4.3**	4.7	(8.5)
All-in interest rate per annum (%)	**2.62**	2.51	4.4
Aggregate leverage (%)	**38.7**	38.5	0.5

1 Property income for 2017 comprised property income from Bugis Junction Towers, Ocean Financial Centre, 50% interest in 275 George Street (the 275 George Street Interest), 50% interest in the 8 Exhibition Street office building and 100% interest in another 3 retail units (the 8 Exhibition Street Interest).
2 Property income for 2016 comprised property income from Bugis Junction Towers, Ocean Financial Centre, the 275 George Street Interest, the 8 Exhibition Street Interest and 77 King Street Office Tower (for the period from 1 January 2016 to 29 January 2016).
3 Share of results of associates comprised Keppel REIT's one-third interests of the respective total return after tax of One Raffles Quay Pte Ltd (ORQPL), BFC Development Limited Liability Partnership (BFCDLLP) and Central Boulevard Development Pte. Ltd. (CBDPL).
4 Share of results of joint ventures comprised Keppel REIT's 50% interests in the respective total return after tax of Mirvac 8 Chifley Trust (M8CT) and Mirvac (Old Treasury) Trust (MOTT).
5 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, and Marina Bay Link Mall, and share of borrowings carried at ORQPL and CBDPL.
6 Based on the market closing price of $1.26 per Unit as at 31 December 2017 for FY 2017, and $1.02 per Unit as at 31 December 2016 for FY 2016.
7 Total DPU for FY 2017 of 5.70 cents was based on 1.45 cents, 1.42 cents, 1.40 cents and 1.43 cents announced during the 1Q 2017, 2Q 2017, 3Q 2017 and 4Q 2017 results announcements respectively.
8 Total DPU for FY 2016 of 6.37 cents was based on 1.68 cents, 1.61 cents, 1.60 cents and 1.48 cents announced during the 1Q 2016, 2Q 2016, 3Q 2016 and 4Q 2016 results announcements respectively.

Quarterly Results

	Quarter 1		Quarter 2		Quarter 3		Quarter 4		Full Year
	$'000	%	$'000	%	$'000	%	$'000	%	$'000
Distributable income									
2017	**48,121**	**25**	**47,406**	**25**	**47,002**	**25**	**48,201**	**25**	**190,730**
2016	54,438	26	52,517	25	52,452	25	48,716	24	208,123
Property income									
2017	**39,856**	**24**	**39,846**	**24**	**40,445**	**25**	**44,369**	**27**	**164,516**
2016	41,167	26	40,552	25	39,532	24	40,001	25	161,252
Net property income									
2017	**31,394**	**24**	**31,892**	**24**	**31,672**	**24**	**36,242**	**28**	**131,200**
2016	32,910	26	32,458	25	31,580	25	31,422	24	128,370
Share of results of associates									
2017	**23,145**	**28**	**20,733**	**25**	**20,441**	**24**	**19,476**	**23**	**83,795**
2016	18,786	22	20,106	24	24,661	30	19,907	24	83,460
Share of results of joint ventures									
2017	**8,316**	**26**	**7,565**	**24**	**8,146**	**25**	**7,932**	**25**	**31,959**
2016	6,807	22	8,346	27	7,890	26	7,746	25	30,789

Chairman's Statement

Mrs Penny Goh
Chairman

The Manager is committed in its drive for operational excellence to achieve sustainable long-term value to Unitholders.

Key Developments in 2017

Unitholder return of 29.1%[1] for FY 2017.

Enhanced portfolio with acquisition of a 50% interest in a new office tower under development at 311 Spencer Street, Melbourne, construction progressing as planned, with piling works completed as at end 2017.

Achieved high portfolio committed occupancy of 99.7% and tenant retention rate of 95% through proactive leasing strategy.

Ranked among the top companies in the Global Real Estate Sustainability Benchmark (GRESB) 2017, as well as in the Singapore Governance and Transparency Index (SGTI) – REITs and Business Trusts category.

Dear Unitholders,

2017 was an eventful year for the Singapore office market. With the gradual recovery, especially towards the latter half of 2017, office space absorption turned positive in Singapore's central business district (CBD) and rental rates improved steadily during the year. Stronger leasing activities resulted in higher commitment levels at both new and existing developments. There were also several notable investment transactions, including transactions on Asia Square Tower 2, PwC Building and GSH Plaza, at tighter yields, signalling robust sentiment among investors.

Such positive developments are encouraging for the Grade A office sector in which Keppel REIT operates. Our portfolio of premium assets supported the delivery of stable operating income for Keppel REIT in 2017, with potential for further capital appreciation. Unitholder return was 29.1%[1] for FY 2017, and approximately 10.0%[2] per annum since Keppel REIT's listing in April 2006. This reflects the long term value creation for Unitholders.

The Manager remains committed to our goal of achieving long-term sustainable returns for Unitholders. We will conscientiously drive operational excellence to deliver stable performance, while maintaining a proactive approach towards portfolio management, exercising prudent capital management, and adopting a disciplined strategy in identifying opportunities that promote long term growth.

Delivering Stable Performance
Total distributable income was $190.7 million for 2017, and distribution per Unit (DPU) was 5.70 cents, translating to a yield of 4.5% based on the Unit closing price of $1.26 as at 31 December 2017. Distributable income was lower compared to the previous year, mainly due to lower rental support, lower one-off income received and the absence of other gains distribution.

Ahead of the anticipated interest rate hikes in 2018, we have geared up refinancing efforts, and have received commitments from banks to refinance the approximate $425 million of loans due in 2018. Consequently, Keppel REIT has completed its refinancing requirements for 2018 with a weighted average term to maturity at 3.4 years, aggregate leverage at 38.7% and an all-in interest rate of 2.62% per annum. To mitigate the impact of interest rate volatility, 77% of Keppel REIT's total debt has been hedged into fixed rates.

On the leasing front, we continued our proactive strategy to retain and attract quality tenants. This enabled the REIT to maintain a high portfolio committed occupancy of 99.7% as at 31 December 2017, and a portfolio tenant retention rate of 95% for FY 2017.

Approximately 829,500 sf (attributable net lettable area of 377,700 sf) of space was signed in 2017 with tenants from diverse business sectors. Demand for new office space at Keppel REIT's properties remained robust, with the majority of tenants from the technology, media and telecommunications industries; banking, insurance and financial services; as well as real estate and property services sectors. Signing rent for the Singapore office leases at Keppel REIT's properties was approximately $9.80 psf[3], above the average Grade A rent of $9.10 psf[4] for properties in the core CBD.

[1] Based on the Unit prices as at the respective year-ends and distributions declared for FY 2017.
[2] Based on the Unit prices as at the respective year-ends and distributions declared since Keppel REIT's listing on 28 April 2006, and assuming that Unitholders participated in all three rights issue exercises in 2008, 2009 and 2011.
[3] For Singapore office leases concluded in 2017, and based on a simple average calculation.
[4] Based on the simple average calculation of CBRE Research's quarterly rents for Grade A offices in Singapore CBD in 2017 (1Q 2017: $8.95 psf, 2Q 2017: $8.95 psf, 3Q 2017: $9.10 psf, 4Q 2017: $9.40 psf)

Unitholder Return

29.1%[1]

Based on the year end Unit price returns of 23.5%, and DPU of 5.70 cents declared for FY 2017.

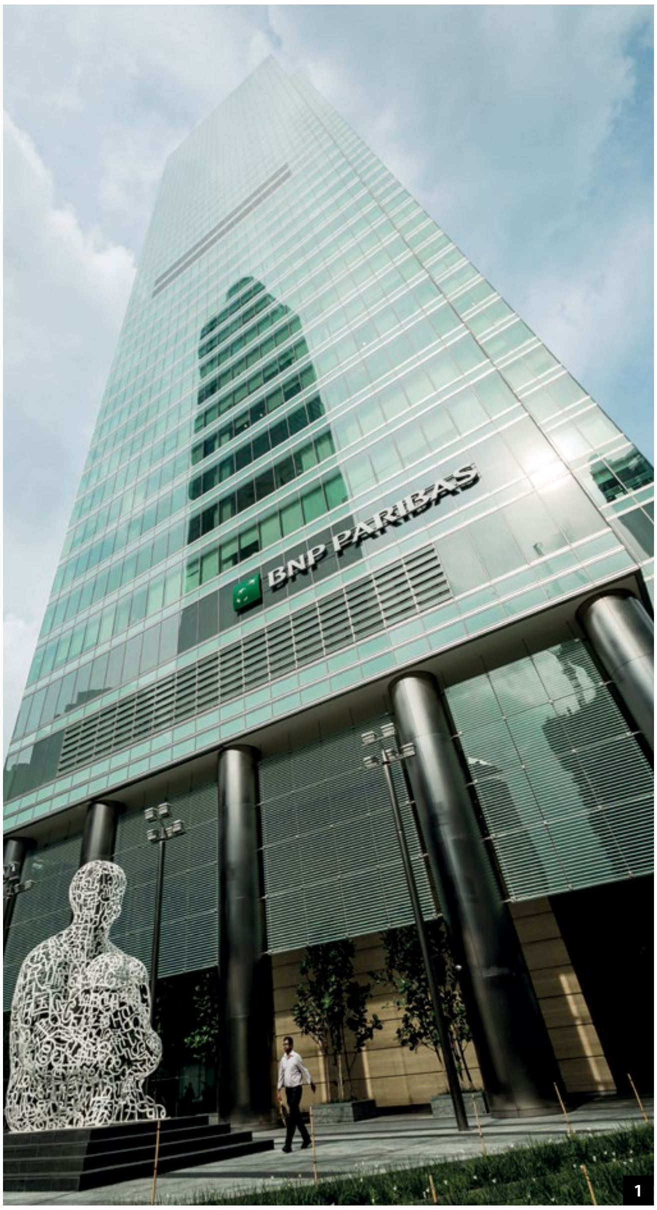
Global Real Estate Sustainability Benchmark Ranking

2nd

Ranked 2nd among 13 Asian listed office entities, and 3rd among 52 Asian listed companies in 2017.

1.
In line with its strategy to continually enhance Keppel REIT's portfolio, in July 2017, the Manager acquired a 50% interest in a new office tower under development at 311 Spencer Street, Melbourne.

Chairman's Statement



1

Despite the challenging operating environment, the Manager's proactive leasing efforts have helped Keppel REIT maintain high portfolio committed occupancy and portfolio tenant retention rate in 2017.

As at 31 December 2017, the REIT's portfolio weighted average lease expiry (WALE) remained long at 5.5 years, and for the top 10 tenants, at 7.8 years. The long WALE is a unique attribute of Keppel REIT that will support long-term stable and recurring income.

Driving Portfolio Enhancement Strategy

We are constantly looking for ways to enhance and optimise Keppel REIT's portfolio for long-term value creation for our Unitholders. This disciplined investment strategy supports the REIT in maintaining a portfolio of quality office premises that remains relevant to tenants' evolving business needs, while providing sustainable returns to Unitholders.

Capitalising on the attractive prospects of Australia's office market, and following the divestment of the approximately 40-year-old 77 King Street development in Sydney in 2016, Keppel REIT acquired a 50% interest in a premium office tower to be built at 311 Spencer Street. The acquisition, which was completed in July 2017, is Keppel REIT's second asset in the fast-growing city of Melbourne.

Sited on freehold land, this Grade A office tower is strategically located between Melbourne's CBD and the new Docklands precinct, and is close to the main transport hub. When completed in 4Q 2019, the new office tower will be the headquarters for the Victoria Police. The addition of a triple-A rated tenant on a 30-year lease will extend the REIT's portfolio WALE and provide a sustainable income stream.

Committing to Best Practices

With the heightened focus on sustainable investing, Unitholders today are increasingly considering environmental, social and governance (ESG) factors in their investment evaluations.

For the Board and management, sustainability has and will continue to be integral to Keppel REIT's strategy, as it forms one of the key considerations in our drive for operational excellence. We believe that best practices in ESG matters will be essential in our efforts to improve returns from Keppel REIT's portfolio of assets.

Testament to this is Keppel REIT's success in being the only REIT to have achieved the highest Green Mark Platinum award from the Building and Construction Authority for all of its Singapore assets. All the Australia assets, with the exception of David Malcolm Justice Centre which has been operational for just over a year, have also achieved 5 Stars NABERS (National Australian Built Environmental Rating System) Energy rating.

Our initiatives have been recognised and acknowledged with Keppel REIT ranked among the top companies in the 2017 GRESB's assessment of property companies' sustainability and environmental performance, as well as in the SGTI (REITs and Business Trusts category).

In Keppel REIT's 2016 Report to Unitholders, we aligned our sustainability report with the internationally-recognised Global Reporting Initiative guidelines. This year, we enhanced our report with greater attention to sustainable practices and targets. Keppel REIT's material ESG issues are considered by the Board as part of the REIT's strategy formulation. Together with the management team, the Board periodically reviews and monitors these issues.

Looking Ahead

Notwithstanding an improving economic outlook for Asia and the pick-up in global growth momentum, Keppel REIT continues to face a challenging operating environment as sufficient lead time is required to transit expiring rents to achieve optimal rental levels.

We will seek to leverage Keppel REIT's portfolio of best-in-class properties and the active tenant-centric leasing strategy to pursue opportunities to capture the expected uplift in the office leasing market.

At the same time, we will strive to strengthen engagement with our key stakeholders, to reinforce Keppel REIT's strategic direction and focus anchored on long-term value creation and growth.

We believe that our premium quality portfolio and continued drive for excellence will anchor Keppel REIT's strategy of stable income growth and long term capital appreciation for Unitholders.

Acknowledgements

On behalf of the Board and management, we would like to thank Dr Chin Wei-Li, Audrey Marie, who stepped down as Chairman, for her leadership and guidance during her more than 12 years of service on the Board.

We also express our thanks to Mr Tan Chin Hwee, Professor Tan Cheng Han and Mr Ang Wee Gee, who retired as Directors after having served for almost seven years, over four years and five years respectively. We are also grateful to Mr Daniel Chan Choong Seng who has expressed his intention to retire from the Board with effect from 1 May 2018.

We extend our heartfelt appreciation to all our Directors for their contributions over the years.

We welcome Mr Alan Rupert Nisbet, who recently joined the Board as an independent non-executive Director.

We also thank our Unitholders, business partners and valued tenants for their support and our management team and staff for their dedication and service. We look forward to your continued support as we build on Keppel REIT's portfolio of quality assets to underpin sustainable long-term value to Unitholders.

Yours sincerely,

Mrs Penny Goh
Chairman
3 March 2018

2

1.
Keppel REIT's sterling portfolio of office assets is strategically located in the CBDs of Singapore and key Australian cities.

2.
The Manager's proactive portfolio management strategy has enabled it to retain and attract diverse and quality tenants at its properties.

Trust and Organisation Structure

UNITHOLDERS

Holding of Units | Distributions

RBC INVESTOR SERVICES TRUST SINGAPORE LIMITED (THE TRUSTEE)

Acting on behalf of Unitholders

Trustee's fees

Keppel REIT

Management services

Ownership of assets | Income contribution

PROPERTY MANAGERS

Property management services

Property management fees

PROPERTIES

Property management services

Property management fees

PROPERTY MANAGERS

Property Managers	Singapore	Australia	Property Managers
Keppel REIT Property Management Pte Ltd (for Ocean Financial Centre and Bugis Junction Towers)	**Ocean Financial Centre** *99.9% interest*	**8 Chifley Square, Sydney** *50% interest*	Mirvac Real Estate Pty Limited (for 8 Chifley Square and David Malcolm Justice Centre)
	Bugis Junction Towers *100% interest*	**David Malcolm Justice Centre, Perth** *50% interest*	
Raffles Quay Asset Management Pte Ltd (for Marina Bay Financial Centre and One Raffles Quay)	**Marina Bay Financial Centre**[1] *33.3% interest*	**8 Exhibition Street, Melbourne** *50% interest*[2]	GPT Property Management Pty Limited (for 8 Exhibition Street)
	One Raffles Quay *33.3% interest*	**275 George Street, Brisbane** *50% interest*	Charter Hall Real Estate Management Services Pty Limited (for 275 George Street)
		311 Spencer Street, Melbourne *50% interest* *(Under development)*	

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

Management fees

KEPPEL REIT MANAGEMENT LIMITED (THE MANAGER)

Board of Directors

Nominating and Remuneration Committee

Audit and Risk Committee

Chief Executive Officer

Compliance

- Develops work plans, policies and practicable guidelines that adhere to the relevant regulations by the Singapore Exchange Securities Trading Limited and the Monetary Authority of Singapore.
- Works closely with the authorities, governing bodies, the Keppel Group, as well as external legal counsels and staff of the Manager to implement a holistic compliance framework.
- Proactively identifies applicable laws and regulatory obligations, and regularly updates the REIT's representatives and Board members on the latest developments in corporate governance, compliance and risk management.
- Monitors compliance with policies, procedures and relevant rules and regulations on an ongoing basis.

Finance

- Responsible for the accounting, taxation, treasury, capital management and financial reporting functions of Keppel REIT.
- Ensures that its functions are implemented in line with the REIT's investment and asset management strategies.

Asset Management

- Develops and implements business plans to maximise rental, as well as seeks additional income opportunities, while managing operational costs to achieve optimal asset performance.
- Proactively reviews Keppel REIT's portfolio profile to achieve a well-diversified tenant base with healthy and long lease expiry profiles, with regular rent reviews.
- Analyses the performance of each asset and undertakes asset enhancement initiatives, where appropriate, to improve the buildings' competitiveness.

Investment

- Identifies and evaluates potential acquisitions that offer stable income growth and capital appreciation in the mid- to long-term.
- Structures potential acquisition transactions, as well as identifies possible divestment opportunities with the aim of optimising Keppel REIT's property portfolio.

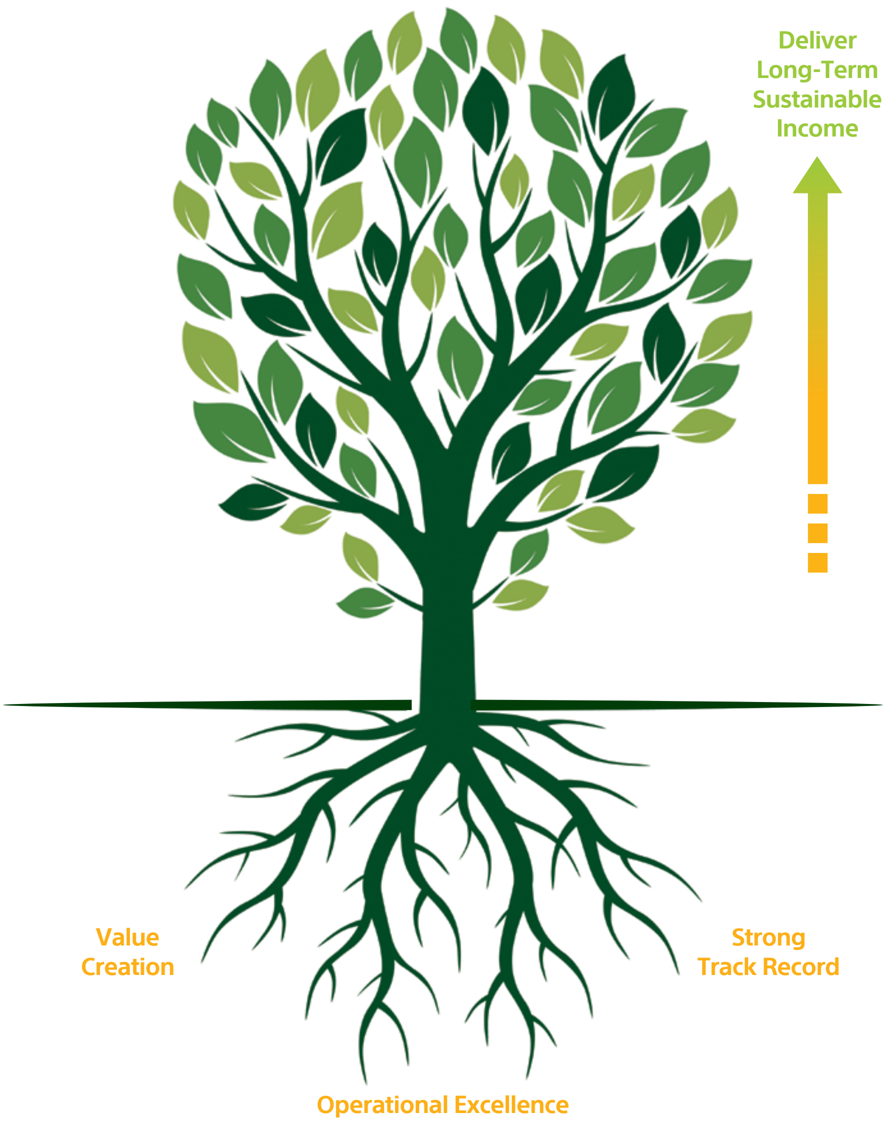
Investor Relations

- Works closely with the Finance, Asset Management and Investment teams to maintain effective stakeholder communication.
- Proactive engagement with the investment community.
- Ensures clear and timely disclosure of information.

Strategic Direction

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

Our goal is to generate sustainable income and create long-term value for Unitholders through achieving operational excellence in all that we do.



Value Creation
- Quality assets managed with a tenant-centric approach
- Strong capital creation and preservation

Operational Excellence
- Proactive asset management approach
- Prudent cost and capital management
- Sustaining performance during market volatility

Strong Track Record
- Delivering sustainable income
- Maintaining high portfolio occupancy and long weighted average lease expiry

Strategy in Action

Maximise Performance

Optimise asset performance, exercise prudent cost management and seek additional income opportunities

Execute proactive marketing and leasing strategies to attract and retain quality tenants across different business sectors

Maintain well-spread lease expiry and rent review profiles

Enhance tenant experience through consistent delivery of quality property and customer services

Enhance Assets

Maintain a portfolio of quality office spaces that meets changing business needs of tenants through value creation and enhancement initiatives, where applicable

Leverage technology to enhance and improve operations

Ensure the safety and security of all building occupants

Implement environmentally sustainable features and initiatives, where feasible

Achieve Capital Efficiency

Maintain a prudent and disciplined capital management approach

Optimise capital structure through leveraging Keppel Group's strong credit standing

Extend debt maturity profile to mitigate refinancing risks, as well as explore alternative funding sources in the debt and equity markets

Limit exposure to fluctuations in interest and foreign exchange rates

Execute Sound Investment Strategy

Seek strategic acquisitions that offer stable income growth and capital appreciation in the mid- to long-term

Conduct thorough feasibility studies and comprehensive due diligence on potential acquisitions

Structure investments to optimise tax efficiency and allow for repatriation of income from overseas assets

Evaluate property performance and recycle capital, where appropriate, to optimise portfolio

Nurture Talent

Develop a motivated and competent team to drive growth

Invest in training and development to raise the competency levels of employees

Adopt best-in-class management practices to retain talent

Leverage technology to raise productivity and enhance workflow efficiencies

Promote wellness to foster a healthy workforce

Board of Directors

Board Committees

N Nominating and Remuneration Committee

A Audit and Risk Committee

Mrs Penny Goh | age 65

Chairman and Independent Director N

Date of first appointment as a director:
5 October 2016

Length of service as a director (as at 31 December 2017):
1 year 3 months

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

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

Present Directorships (as at 1 January 2018):
Listed companies
Mapletree Logistics Trust Management Ltd (the manager of Mapletree Logistics Trust)

Other principal directorships
Nil

Major Appointments (other than directorships):
Allen & Gledhill LLP
(Co-Chairman and Senior Partner)

Past Directorships held over the preceding 5 years (from 1 January 2013 to 31 December 2017):
Nil

Others:
Nil

Mr Tan Swee Yiow | age 57

Chief Executive Officer and Executive Director

Date of first appointment as a director:
20 March 2017

Length of service as a director (as at 31 December 2017):
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 2018):
Listed companies
Nil

Other principal directorships
Nil

Major Appointments (other than directorships):
Board of Singapore Green Building Council (President); Corporate Advisory Board of World Green Building Council (Member); Management Council of Real Estate Developers' Association of Singapore (Honorary Treasurer)

Past Directorships held over the preceding 5 years (from 1 January 2013 to 31 December 2017):
Keppel Thai Properties Public Company Ltd; Various subsidiaries and associated companies of Keppel Land Limited

Others:
Nil

Board of Directors

Mr Lee Chiang Huat | age 68

Independent Director A

Date of first appointment as a director:
9 April 2012

Length of service as a director (as at 31 December 2017):
5 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), University of Singapore

Present Directorships (as at 1 January 2018):
Listed companies
Keppel DC REIT Management Pte. Ltd. (the manager of Keppel DC REIT)

Other principal directorships
Icurrencies Pte Ltd

Major Appointments (other than directorships):
Nil

Past Directorships held over the preceding 5 years (from 1 January 2013 to 31 December 2017):
Channoil Asia Pte Ltd

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

Mr Daniel Chan Choong Seng | age 65

Independent Director A
(Mr Chan is resigning from the Board with effect from 1 May 2018)

Date of first appointment as a director:
9 April 2012

Length of service as a director (as at 31 December 2017):
5 years 9 months

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

Academic & Professional Qualification(s):
Bachelor of Business Administration, National University of Singapore

Present Directorships (as at 1 January 2018):
Listed companies
Nil

Other principal directorships
DCG Capital Pte Ltd; DCG Asia Value Fund; DCG Asia Value Master Fund

Major Appointments (other than directorships):
Nil

Past Directorships held over the preceding 5 years (from 1 January 2013 to 31 December 2017):
Nil

Others:
Nil

Mr Lor Bak Liang | age 60

Independent Director A N

Date of first appointment as a director:
9 April 2012

Length of service as a director (as at 31 December 2017):
5 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 2018):
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 2013 to 31 December 2017):
Nil

Others:
Nil

Ms Christina Tan Hua Mui | age 52

Non-Executive Director

N

Date of first appointment as a director:
15 September 2016

Length of service as a director (as at 31 December 2017):
1 year 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 2018):
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

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

Past Directorships held over the preceding 5 years (from 1 January 2013 to 31 December 2017):
Various subsidiaries and associated companies of Alpha Investment Partners Limited and funds managed by Alpha Investment Partners Limited

Others:
Nil

Mr Alan Rupert Nisbet | age 67

Independent Director

A

Date of first appointment as a director:
1 October 2017

Length of service as a director (as at 31 December 2017):
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 2018):
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; Accounting and Corporate Regulatory Authority (ACRA); RF Capital group of companies

Major Appointments (other than directorships):
Public Accountants Oversight Committee (Vice Chairman) and Practice Monitoring Sub-Committee (Chairman), ACRA

Past Directorships held over the preceding 5 years (from 1 January 2013 to 31 December 2017):
Ascendas Pte. Ltd.

Others:
Nil

Senior Management

Mr Tan Swee Yiow | age 57

Chief Executive Officer

Mr Tan was appointed CEO and Executive Director of the Manager with effect from 20 March 2017.

Please refer to the description under the Board of Directors section on page 13.

Mr Paul Tham | age 36

Deputy Chief Executive Officer

As Deputy Chief Executive Officer, Mr Tham supports the CEO in managing all aspects of Keppel REIT's business.

Mr Tham is concurrently the Chief Financial Officer of Keppel Capital, the asset management arm of Keppel Corporation Limited. In this role, Mr Tham has been actively supporting Keppel REIT's operations since 2016. Prior to this role, Mr Tham was part of Keppel's Group Strategy & Development, where he led the formation of Keppel Capital.

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

Mr Tham started his career as a structural engineer in both New York and Singapore, 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 (MBA) from Singapore Management University.

Present directorships (as at 1 January 2018):
Various subsidiaries and associated companies of Keppel Capital Holdings Pte. Ltd.; Keppel-KBS US REIT Management Pte. Ltd. (the manager of Keppel-KBS US REIT)

Past directorships held over the preceding 5 years (from 1 January 2013 to 31 December 2017):
Ocean Mineral Singapore Pte Ltd;
Ocean Mineral Singapore Holding Pte Ltd

Mr Kelvin Chow
age 45

Chief Financial Officer

Mr Chow has more than 23 years of experience in financial and corporate reporting, corporate financing, tax planning, compliance as well as capital and risk management. Prior to joining the Manager, he was the Chief Financial Officer of SB REIT Management Pte. Ltd. He has held senior positions at Cambridge Industrial Trust Management Limited, Invista Real Estate Investment Management Limited, Overseas Union Enterprise Limited and Allco (Singapore) Limited. He has also worked at various entities within the Ascendas Group.

Mr Chow holds an MBA from Universitas 21 Global. He is a Fellow of the Association of Chartered Certified Accountants and a member of the Institute of Singapore Chartered Accountants.

Present directorships (as at 1 January 2018):
Various subsidiaries and associated companies of Keppel REIT

Past directorships held over the preceding 5 years (from 1 January 2013 to 31 December 2017):
Various special purpose vehicles in funds managed by Invista Real Estate Investment Management Limited

Mr Toh Wah San
age 59

Executive Vice President, 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 held senior appointments at MC Asia Management, GIC Real Estate, ING Real Estate and Rodamco Asia where he was responsible for regional real estate investment and asset management across several Asian countries including Korea and Japan.

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

Present directorships (as at 1 January 2018):
Various subsidiaries and associated companies of Keppel REIT

Past directorships held over the preceding 5 years (from 1 January 2013 to 31 December 2017):
Nil

Mr Wong Cho Wai
age 43

Senior Vice President, Investment

Mr Wong has more than 16 years of experience in real estate investments, asset management, business development and portfolio management.

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

Mr Wong holds a Bachelor of Engineering Degree (Civil Engineering) from the National University of Singapore and a Master in Applied Finance from Macquarie University.

Present directorships (as at 1 January 2018):
Various subsidiaries and associated companies of Keppel REIT

Past directorships held over the preceding 5 years (from 1 January 2013 to 31 December 2017):
Nil

Milestones

2017

1Q
Achieved distributable income of $48.1 million and DPU of 1.45 cents for 1Q 2017.

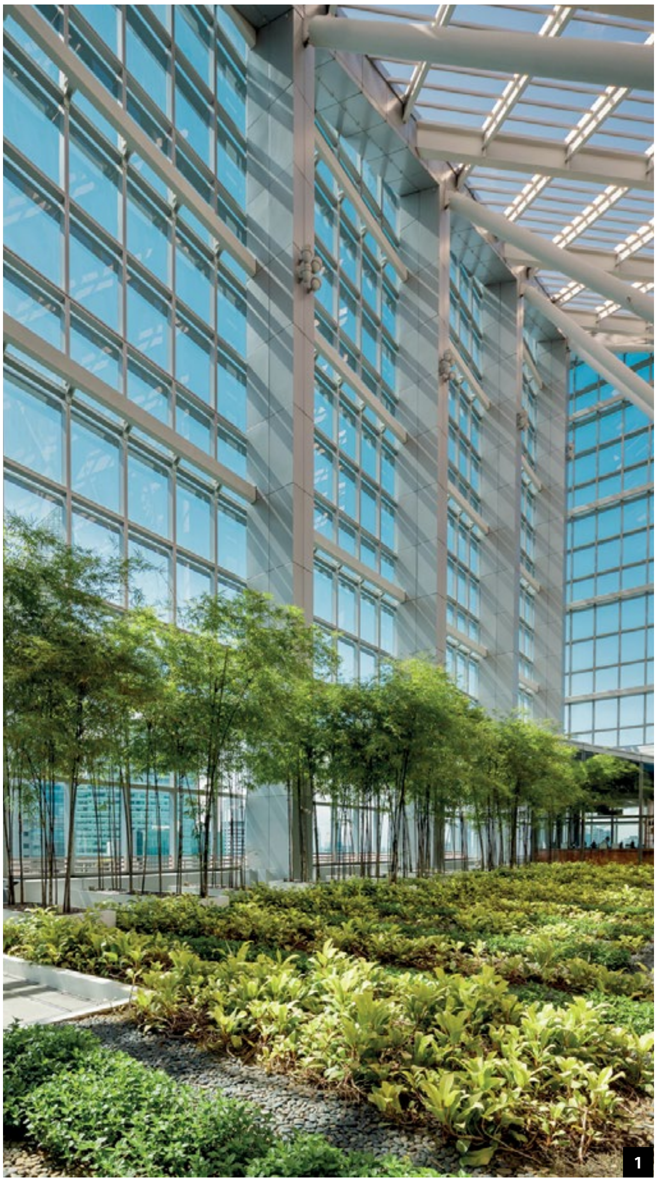
Marina Bay Financial Centre Towers 1 and 2 received the Green Mark Platinum Award from the Building and Construction Authority (BCA) of Singapore in March 2017.

2Q
Achieved distributable income of $47.4 million and DPU of 1.42 cents for 2Q 2017, bringing distributable income and DPU to $95.5 million and 2.87 cents for 1H 2017 respectively.

Mrs Penny Goh was appointed Chairman of the Board, taking over from Dr Chin Wei-Li, Audrey Marie.

Issued $75 million of seven-year Medium Term Notes at a fixed rate of 3.275% per annum in April 2017.

Announced the acquisition of a 50% interest in a premium office tower to be developed at 311 Spencer Street in Melbourne. The acquisition was completed in July 2017.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3Q
Achieved distributable income of $47.0 million and DPU of 1.40 cents for 3Q 2017, bringing distributable income and DPU for 9M 2017 to $142.5 million and 4.27 cents respectively.

Mr Alan Rupert Nisbet was appointed as an independent non-executive Director of the Board, while Mr Tan Chin Hwee and Prof Tan Cheng Han stepped down as Directors.

One Raffles Quay, as well as Marina Bay Financial Centre were conferred the Safety and Health Award Recognition for Projects (SHARP) from the Workplace Safety and Health Council in July 2017.

Commenced construction of the office tower at 311 Spencer Street, which will be the headquarters for the Victoria Police when completed in 4Q 2019.

Emerged 2nd among 13 Asian listed office entities, and 3rd among 52 Asian listed companies in the internationally-recognised Global Real Estate Sustainability Benchmark (GRESB) 2017.

Ranked 3rd in the REITs and Business Trusts category of the Singapore Governance and Transparency Index 2017.

David Malcolm Justice Centre in Perth was awarded the 5 Star Green Star – Office As Built v3 rating from the Green Building Council of Australia in August 2017.

4Q
Achieved distributable income of $48.2 million and DPU of 1.43 cents for 4Q 2017, bringing total distributable income and DPU for FY 2017 to $190.7 million and 5.70 cents respectively.

Mr Ang Wee Gee stepped down as non-independent non-executive Director.

Marina Bay Financial Centre clinched the Fire Safety Design Excellence Award in October 2017.

Bugis Junction Towers was recertified a BCA Green Mark Platinum building in December 2017.

Completed piling works at 311 Spencer Street.

Investor Relations

Regular communication with the investment community allows the Manager to articulate Keppel REIT's business strategy and provide updates on its business operations.

The Manager believes in regular and proactive engagement with the investment community to provide a clear overview and understanding of Keppel REIT's business, strategy and operating performance.

The Investor Relations (IR) team works closely with the finance, asset management and investment teams to provide updates on the REIT to institutional investors, retail Unitholders, analysts, potential investors and other stakeholders.

The Manager's IR activities are guided by a clearly defined set of principles and practices set out in the IR policy, which is available at the corporate website at www.keppelreit.com. The policy is reviewed regularly to ensure it remains effective and relevant.

The IR team is a member of the Investor Relations Professional Association of Singapore (IRPAS) which promotes the sharing of industry knowledge and best practices. The Keppel Group supports the Securities Investors Association (Singapore) (SIAS) in its initiatives to promote governance and empower the investment community through investor education.

Proactive and Regular Engagement

In 2017, the Manager engaged a total of 257 local and foreign investors and analysts through one-on-one meetings, conference calls, post-results engagements, site visits, as well as conferences and roadshows. These were held in Singapore, Hong Kong, Kuala Lumpur, Seoul, Sydney and Tokyo.

These meetings facilitate two-way communication between the Manager and investors, and allow both parties to share views and discuss key developments.

Keppel REIT announces its quarterly financial results in January, April, July and October. Post-results meetings are organised with institutional investors for the REIT's management team to engage them.

The Manager continues to provide timely disclosure of information as well as maintains regular engagement and open channels of communication with its investors.

2

1.
Marina Bay Financial Centre Towers 1 (pictured) and 2 garnered the BCA Green Mark Platinum Award for their eco-friendly features.

2.
The Manager keeps the investment community abreast of Keppel REIT's latest developments through regular and proactive engagement.

Investor Relations

Results briefings for media and analysts are also organised for Keppel REIT's half- and full-year results announcements. Besides results announcements, investors and media are also kept abreast of key corporate developments, such as the REIT's acquisition of a 50% interest in 311 Spencer Street in Melbourne, Australia, in July 2017.

Keppel REIT's 8th Annual General Meeting (AGM) was held on 21 April 2017 and attended by approximately 350 Unitholders. The AGM is held after the announcement of the first quarter results, and provides an opportunity for Unitholders to interact and have a dialogue with the Board of Directors and management on the REIT's performance and outlook.

In May 2017, Keppel REIT continued to broaden its retail investor outreach by participating in the REITs Symposium, an annual event jointly organised by ShareInvestor and the REIT Association of Singapore (REITAS), and supported by The Business Times. This was the third edition of this symposium, and 2017's event saw participation by 26 Singapore REITs with some 1,100 attendees. The event seeks to educate and deepen industry knowledge among retail investors.

Timely Disclosures

Keppel REIT's quarterly financial results are released within one month after the end of each quarter. The quarterly results include updates on the business, commentaries on the REIT's financial performance, portfolio performance, capital management efforts, as well as industry trends and market outlook.

Market-sensitive news and corporate actions are filed with the Singapore Exchange, and are also posted on Keppel REIT's corporate website on the same day of release. This ensures that all stakeholders have timely and equal access to these information.

In addition to the results announcements, stakeholders can also access materials including investor presentations, annual reports, distribution history and property portfolio information, as well as relevant information pertaining to the Board and management on the REIT's corporate website.

During the year, Keppel REIT formalised and published information on the tax refund process for eligible Unitholders on its website. This included details on their eligibility for tax refunds, as well as relevant procedures and channels for claiming of such refunds.

The Singapore Governance and Transparency Index, the leading index for measuring corporate governance practices, introduced a sub-index for REITs and Business Trusts in 2017. Keppel REIT emerged third in this inaugural ranking, which recognises the Manager's efforts towards transparent disclosures and best practices in corporate governance.

Keppel REIT ranked 3rd in the REITs and Business Trusts category of the Singapore Governance and Transparency Index 2017, which recognises the Manager's efforts towards transparent disclosures and best practices in corporate governance.

1.
The management engages with media and analysts at Keppel REIT's half-yearly results briefings.

Investor Relations Calendar

The Manager articulates Keppel REIT's strategy and provides updates on its business operations through regular engagement with the investment community.

1Q

- Announced FY 2016 results at a joint media and analysts briefing
- Engaged investors at the FY 2016 post-results luncheon organised by JP Morgan
- 4Q 2016 distribution payout to Unitholders

2Q

- Announced 1Q 2017 results and engaged investors at a post-results breakfast session organised by Nomura
- 1Q 2017 distribution payout to Unitholders
- Convened 8th AGM on 21 April 2017
- Participated in the 8th dbAccess Asia Conference in Singapore organised by Deutsche Bank
- Participated in the SGX-Credit Suisse Singapore Corporate Day conference in Hong Kong
- Non-deal roadshow in Kuala Lumpur organised by Maybank Kim Eng
- Participated in the 3rd REITs Symposium jointly organised by ShareInvestor and REITAS, and supported by The Business Times

3Q

- Announced 1H 2017 results at a joint media and analysts briefing
- Engaged investors at the 1H 2017 post-results luncheon organised by Macquarie
- 2Q 2017 distribution payout to Unitholders
- Participated in the Citi-SGX-REITAS C-Suite Singapore REITs and Sponsors Corporate Day conference in Singapore
- Non-deal roadshows in Tokyo and Seoul organised by Nomura

4Q

- Announced 3Q 2017 results, and engaged investors at a post-results luncheon organised by DBS Vickers
- 3Q 2017 distribution payout to Unitholders
- Participated in the 16th Morgan Stanley Asia Pacific Summit in Singapore
- Participated in the SGX-JP Morgan Real Estate Corporate Day in Sydney



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

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+65 6803 1739

Email:
investor.relations@keppelreit.com

Website:
www.keppelreit.com

Market Review

In tandem with the growth of the local economy, the Singapore office market is expected to grow at a steady pace, with the CBD Core remaining a choice location for business headquarters.

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SINGAPORE MARKET REVIEW

The Singapore economy grew by 3.6% in 2017, compared to 2.4% in 2016. According to the Ministry of Trade and Industry (MTI), the stronger performance was supported by expansion in the electronics and precision engineering sectors, as well as the services producing industries which improved on the back of growth in the finance and insurance, wholesale and retail trade, and transportation and storage sectors.

Growth is expected to moderate in 2018, coming in at slightly above the middle of the forecast range of between 1.5% and 3.5%.

SINGAPORE OFFICE MARKET OVERVIEW

Existing Supply

In 2017, the total islandwide office stock rose 4.0% year-on-year (y-o-y) to 59.5 million sf at the end of the year.

The CBD Core[1] remains a choice location for business headquarters, or for corporates looking to house their front offices. Prominent buildings, including One Raffles Quay, Ocean Financial Centre and Marina Bay Financial Centre, are amongst the preferred developments, given their quality and location. By and large, firms which choose to be in the CBD Core include those from the financial and insurance, information technology, legal services and other business services sectors.

The CBD Core accounts for approximately half of the islandwide office stock, yielding 29.8 million sf of space as at end 2017, representing a 7.9% y-o-y increase. Of this, 13.7 million sf of total islandwide stock is classified as Grade A office space.

Future Supply

From 2018 to 2020, the total islandwide future office supply is estimated to amount to 3.8 million sf. Of this, the Decentralised[2] market will account for the bulk of pipeline supply (43.0%), while the CBD Core and CBD Fringe[3] markets will account for 38.8% and 18.2% of pipeline supply respectively.

The total new office supply scheduled for completion in 2018 is expected to decrease to approximately 1.8 million sf, of which 0.8 million sf are from buildings in the CBD Core, the majority of which will be from Frasers Tower, contributing 663,000 sf. Paya Lebar Quarter, located within the Decentralised market, will add an additional 872,000 sf of office space.

Supply is expected to taper off in 2019, with the known projected supply at only approximately 1.1 million sf. The redevelopment of Funan DigitaLife Mall, located in the CBD Fringe market, is expected to add 204,172 sf of office space. The completion of Woods Square will see an addition of approximately 534,500 sf of office supply into the Decentralised market.

Office supply in 2020 will see a further contraction, with an estimated 0.9 million sf of new office space expected to enter the market. Developments such as 79 Robinson Road (500,000 sf) in the CBD Core, the redevelopment of Hub Synergy Point (128,456 sf) in the CBD Fringe and Centrium Square (107,041 sf) in the Decentralised market, will form part of the pipeline supply in 2020.

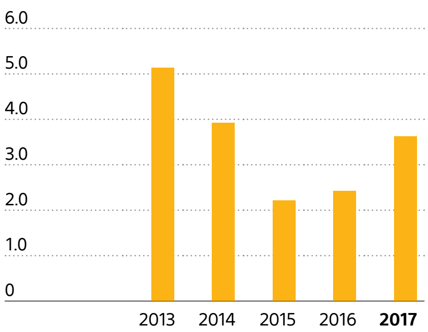
In the long term, known new supply beyond 2020 include the Central Boulevard and Beach Road Government Land Sales (GLS) sites, as well as the ongoing redevelopment of Golden Shoe Car Park.

Demand and Vacancy

Total net absorption in the CBD Core office market for 2017 was robust at 1.5 million sf, due mainly to strong tailwinds from positive economic fundamentals, as well as general bullish market sentiments. In addition, net absorption was further supported by strong pre-commitments in several newly completed developments, including Marina One and UIC Building.

In 4Q 2017, vacancy rate in the CBD Core stood at 6.2%, with Grade A office buildings registering a similar rate. Vacancy levels are expected to decrease in 2018 with the contraction in new office supply, as well as improving business sentiment amongst occupiers.

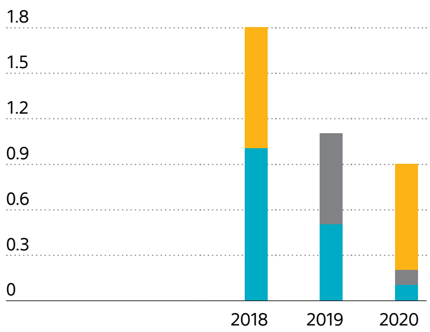
Singapore GDP Growth Rate at 2010 Prices



	2013	2014	2015	2016	**2017**
GDP Growth (%)	5.1	3.9	2.2	2.4	**3.6**

Sources: MTI, CBRE

Islandwide Future Office Supply (2018-2020)



	2018	2019	2020
CBD Core	0.8	–	0.7
CBD Fringe	–	0.6	0.1
Decentralised	1.0	0.5	0.1
Total	**1.8**	**1.1**	**0.9**

Source: CBRE

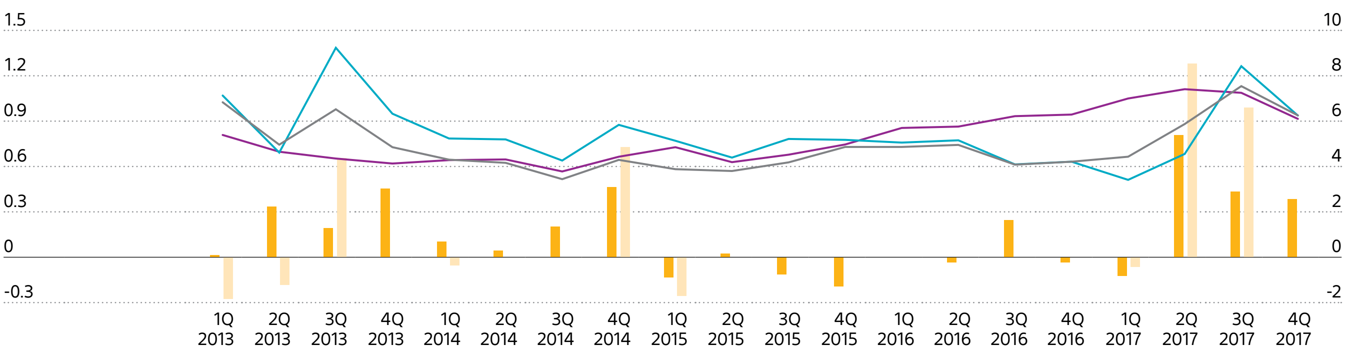
Breakdown of CBD Core Office Supply (2018-2020)

Year	Proposed Project	Developer	Location	Estimated NLA (sf)
2018	18 Robinson	Tuan Sing	Robinson Road	145,000
2018	Frasers Tower	Frasers Centrepoint	Cecil Street	663,000
2020	Afro-Asia Building Redevelopment	Afro-Asia Shipping Co (Pte.) Ltd	Robinson Road	153,526
2020	79 Robinson Road	Ascendas-Singbridge	Robinson Road	500,000

Source: CBRE

[1] The CBD Core market refers to the Marina Bay, Raffles Place, Shenton Way and Marina Centre submarkets.
[2] The Decentralised market is anchored mainly by clusters of offices in Alexandra/Harbourfront, as well as the western and eastern suburban areas.
[3] The CBD Fringe market refers to Tanjong Pagar, Beach Road/City Hall and Orchard Road districts.

CBD Core Demand and Vacancy



	4Q 2013	4Q 2014	4Q 2015	4Q 2016	4Q 2017
Net Absorption CBD Core (million sf)	0.45	0.46	(0.19)	(0.03)	0.38
Net New Supply CBD Core (million sf)	–	0.72	–	–	–
Vacancy Rate CBD Core (%)	4.84	4.28	4.85	4.20	6.24
Vacancy Rate Grade A (%)	6.31	5.82	5.16	4.20	6.23
Vacancy Rate Grade B (%)	4.12	4.42	4.96	6.28	6.09

Source: CBRE

Market Review

Rental Values

There are signs of bottoming out in the office rental market after eight consecutive quarters of correction following the last peak in 1Q 2015 at $11.40 psf per month for Grade A space. Monthly rental values for both Grade A and Grade B CBD Core improved during the year to reach $9.40 psf and $7.45 psf respectively in 4Q 2017.

Overall, the outlook is generally optimistic with stronger economic fundamentals and gradual global growth. CBRE expects the continuation of the "flight-to-quality" trend by occupiers, to benefit landlords of better quality buildings as they capture the future projected upswing in rentals.

In the near term, stronger rental growth is expected due to a reduction in new quality supply.

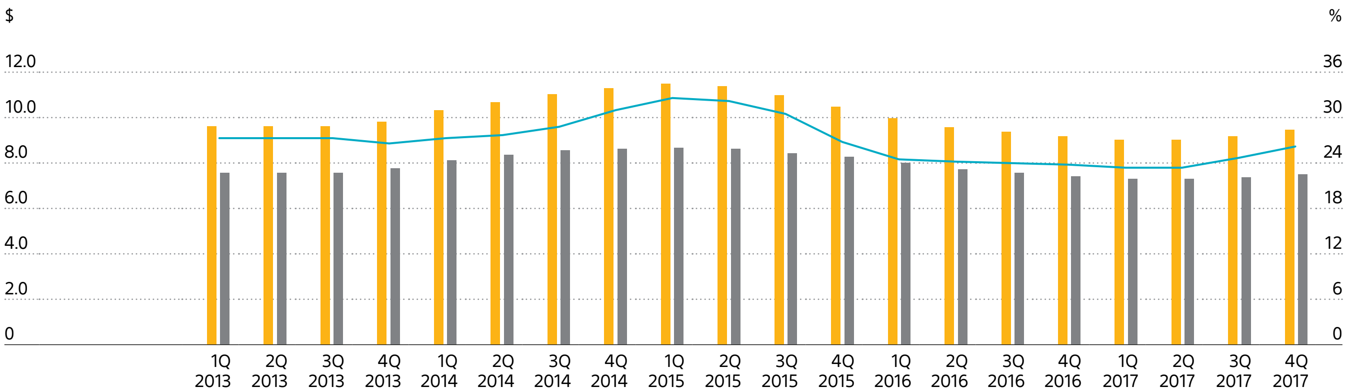
Office Investment Market and Capital Values

2017 saw several major investment deals in the office market. Notable transactions include the sale of Asia Square Tower 2 by BlackRock to CapitaLand Commercial Trust (CCT) for $2.09 billion ($2,689 psf), 50% stake of One George Street by CCT to OGS (II) Limited (a special purpose vehicle by FWD Group) for $591.6 million ($2,650 psf), PWC Building by DBS Group to Manulife Financial Corp for $747 million ($2,100 psf), and unsold units in the office component of GSH Plaza for $663.5 million ($2,930 psf) from Plaza Ventures to Five Seasons XXII Pte. Ltd..

In 4Q 2017, Grade A capital values remained unchanged from the previous quarter at $2,750 psf. Yields improved from the previous quarter to 3.18%, on the back of stronger rental recovery.

Over the past year, it was observed that price differentials between buyers and sellers have narrowed; signalling bullish investor sentiments in the investment market. The office sector continued to attract strong investor interest which reflects the pursuit for portfolio diversification and a possible uplift in rental reversion.

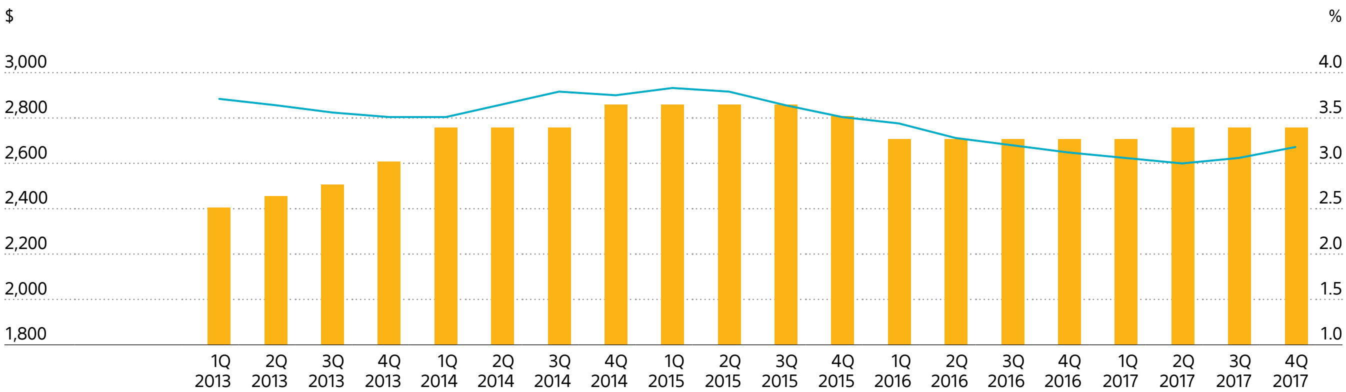
Monthly Rental Values



	4Q 2013	4Q 2014	4Q 2015	4Q 2016	4Q 2017
Grade A (CBD Core $ psf)	9.75	11.20	10.40	9.10	9.40
Grade B (CBD Core $ psf)	7.70	8.55	8.20	7.35	7.45
Premium (%)	26.6	31.0	26.8	23.8	26.2

Source: CBRE

Capital Values and Net Yield



	4Q 2013	4Q 2014	4Q 2015	4Q 2016	4Q 2017
Grade A CBD Core Capital Value ($)	2,600	2,850	2,800	2,700	2,750
Grade A CBD Core Net Yield (%)	3.51	3.75	3.51	3.12	3.18

Source: CBRE

Office Market Outlook

The Singapore economy is expected to remain stable in 2018, setting the stage for moderate economic expansion over the year on the back of steady global economic growth. Better performance across domestic industries is also expected to support the positive economic outlook in the near term.

Overall, MTI expects growth to come in at slightly above the middle of the forecast range of between 1.5% and 3.5% in 2018. The positive economic outlook is expected to support the office sector with projected improving demand from occupiers.

The services sector that generally occupies office space saw higher employment growth statistics and healthier operating receipts in 2017. This trend is forecasted to continue in 2018. Moreover, co-working operators are expanding to enlarge their market shares, and are actively acquiring and growing their commercial real estate presence. Technology industries, likewise, are expected to perform positively, albeit at a more modest growth rate as Singapore continues its place as an attractive gateway to South East Asia for such technology firms.

Office rents are projected to recover, supported by positive economic sentiments with a relatively lower new pipeline supply. CBRE forecasts Grade A CBD Core rents to rise to $10.30 psf in 2018, and $11.50 psf in 2019. Grade B CBD Core rents are projected to increase to $8.00 psf and $8.70 psf in 2018 and 2019 respectively. The “flight-to-quality” phenomenon is expected to remain given occupiers’ continuous moves to optimise workplace efficiency via alternative workplace strategies. Vacancy levels are expected to tighten as negotiating power is shifting towards the landlords.

Overall, CBRE expects an opportunity for an office market recovery from 2018, barring unforeseen circumstances.

SINGAPORE REITS AND BUSINESS TRUSTS MARKET OVERVIEW

The Singapore Real Estate Investment Trust (S-REIT) market ranks third within the region, after Japan and Australia. As of 4Q 2017, the aggregate market capitalisation of a total of 41 listed S-REITs and Business Trusts was in excess of $80 billion.

Two new entrants to the S-REIT market portfolio in 2017 were Cromwell European REIT and Keppel-KBS US REIT, raising approximately €866.0 million and US$553.1 million respectively. Additionally, the number of S-REITs has grown over the years, which suggests the attractiveness of the investment product due to its high yielding nature and recurring passive income.

The US Federal Reserve (US Fed) is expected to continue hiking interest rates in 2018, sending concerns throughout the market as ramifications on the REIT market performance are uncertain. Notwithstanding increased borrowing and financing costs, there are several underlying indications of rate hikes which are generally associated with healthy economic growth and inflation that bode well for real estate investments. Fluctuations of interest rates by and large mirror the performance of the overall economy. Intuitively, the move to raise interest rates stems from a general confidence in the US economy and possibly, the global economy at large.

On the back of labour market growth and an overall uptick of the economy, business fundamentals could see potential improvements, translating into greater demand for real estate and higher occupancy rates, catalysing the growth for office space. Such impacts may potentially boost future REIT earnings and distributions. Notwithstanding the foregoing, in a bid to reduce the volatility from interest rate movements, more REITs have restructured their loan structure from a floating to fixed interest rate framework.

Looking ahead, S-REITs are projected to perform favourably and weather the gradual interest rate rise. The characteristics of REITs having competitive long-term returns, as well as the ability to hedge against inflation will continue to place REITs as an attractive financial product.

AUSTRALIA MARKET REVIEW

The Australian economy expanded 2.0% in FY 2017 (June year-end), below the 2.8% recorded in FY 2016. The Reserve Bank of Australia (RBA) opined that growth for the year was largely upheld by government spending and household consumption, albeit at a lower level. The impact from investments remained flat, given the offsetting effects from increased public infrastructure spending and declines in private mining investment activities.

In its February 2018 Statement on Monetary Policy, the RBA forecasted a lift in real GDP growth, expecting it to expand by 2.75% in FY 2018 and 3.50% in FY 2019. This is primarily supported by diminishing headwinds from the decline in mining investments in previous years, supplemented by a pick-up in non-mining business investments, household consumption, public demand and exports.

Australia’s labour market strengthened during the year, with broad-based job growth across all states. The RBA also expects unemployment rates to decline from 5.60% in FY 2017 to 5.25% by mid FY 2018, and remain at similar levels until FY 2020. Looking ahead, the labour market is likely to tighten as spare capacity is absorbed by healthy job growth, which further supports an improvement to the low wage growth environment.

Given the forecasted improvements in economic conditions, the RBA is expected to increase the cash rate by 25 basis points in the second half of 2018, in response to the US Fed's projected interest rate normalisation.

AUSTRALIA OFFICE MARKET OVERVIEW

According to the Property Council of Australia, the national office vacancy rate has declined from 10.9% as at January 2017 to 9.6% as at January 2018. The CBD office vacancy rate decreased from 10.9% to 9.8% over the corresponding period.

Sydney and Melbourne’s CBDs had the lowest vacancy rates among the major cities in Australia at 4.6% for both cities in January 2018, down from 6.2% and 6.5% respectively in January 2017. The supply pipeline for these office markets in 2018 is projected to be below their respective historical averages, and is likely to spur an improvement in vacancies given the strong demand for office space.

The vacancy rate in Brisbane’s CBD increased from 15.3% in January 2017 to 16.2% in January 2018, impacted by lower tenant demand for low grade stock. Perth CBD’s vacancy rate has shown signs of stabilising, improving by 2.7 percentage points to 19.8% in January 2018 on stronger demand for quality CBD offices.

Looking ahead, recent business surveys point to constructive business conditions and modestly positive confidence levels across Australia. This healthy economic outlook and an improving labour market are expected to underpin leasing demand for office space. Limited supply of new office space is likely to boost rental growth in Sydney and Melbourne in 2018. Office markets in Brisbane and Perth are also likely to see a continuation of the recentralisation and expansionary trends in office market demand. In the medium term, Australia's major CBD markets (except Perth) are likely to see an increase in supply in 2019/20 which may impact vacancy rates.

Property Portfolio

Proactive asset management continued to drive positive leasing momentum at Keppel REIT's properties. As at end 2017, the REIT maintained high portfolio committed occupancy of 99.7%, and a long portfolio weighted average lease expiry of approximately 5.5 years. Portfolio retention rate for the year was 95%.

Assets Under Management

$8.5b

Strategic addition of a freehold office tower under development at 311 Spencer Street in Melbourne increased Keppel REIT's AUM to $8.5 billion as at end 2017.

Committed Leases

829,500 sf

Total leases signed in 2017 amounted to approximately 829,500 sf of space, equivalent to 377,700 sf by attributable net lettable area.

Positive Leasing Momentum

The Manager continues to adopt a tenant-centric leasing approach in managing Keppel REIT's $8.5 billion portfolio of premium office assets in Singapore's central business districts (CBD) and key financial hubs in Australia.

During the year, the Manager signed total leases of approximately 829,500 sf of prime commercial space, or 377,700 sf in attributable space, bringing portfolio committed occupancy to 99.7% as at end 2017. Signing rent for the Singapore office leases was approximately $9.80 psf[1] for FY 2017. This was above the average Grade A rent of $9.10 psf[2] for properties in Singapore's core CBD.

Of the committed leases by attributable net lettable area (NLA) signed in FY 2017, 27% were new leases, 57% were renewals and 16% were rent reviews. New leases committed during the year were signed with tenants from diverse sectors, with majority from the technology, media and telecommunications (TMT), banking, insurance and financial services, as well as real estate and property services sectors.

Portfolio retention rate was 95% for 2017, testament to the Manager's ongoing tenant engagement initiatives, as well as proactive marketing and leasing efforts.

Portfolio Enhancement Strategy

In July 2017, Keppel REIT completed the acquisition of a 50% interest in a new office tower to be developed at 311 Spencer Street in Melbourne for A$347.8 million from the Australian Postal Corporation. Colliers International Valuation & Advisory Services, an independent valuer, had valued the proposed development at A$347.8 million as at 23 June 2017. The valuation was based on the capitalisation, discounted cash flow and market comparison methods.

The acquisition came after the divestment of the approximately 40-year-old 77 King Street in Sydney in January 2016, and is in line with the REIT's strategy of seeking strategic acquisitions that will enhance and optimise its portfolio.

The freehold Grade A office tower development is strategically located between Melbourne's CBD and the new Docklands precinct, which is an extension of the CBD. It is within walking distance to the Southern Cross Station, the city's major railway and transportation hub. Designed by leading architecture firm, Woods Bagot, the office tower will feature an estimated NLA of approximately 717,000 sf across 42 storeys.

1 For the Singapore office leases concluded in 2017, and based on a simple average calculation.

2 Based on the simple average calculation of CBRE Pte. Ltd.'s quarterly rents for Grade A offices in Singapore CBD in 2017 (1Q 2017: $8.95 psf, 2Q 2017: $8.95 psf, 3Q 2017: $9.10 psf, 4Q 2017: $9.40 psf).

Operational Excellence in Asset Management

A proactive approach in portfolio management will continue to drive the Manager's efforts in leasing and asset management.

1. Maximising Performance

Rigorous leasing efforts saw a total of 88 leases (approximately 829,500 sf by total NLA) concluded in 2017.

Achieved high portfolio committed occupancy of 99.7% as at end 2017.

Focused efforts on retaining existing tenants, resulting in high portfolio retention rate of 95% in 2017.

Maintained long and well-spread portfolio weighted average lease expiry (WALE) of approximately 5.5 years as at end 2017.

2. Enhancing Assets

Upheld high standards in environmental sustainability and safety standards. All Singapore assets continued to hold the BCA Green Mark Platinum Awards, while majority of the buildings in Australia have achieved 5 Stars NABERS Energy rating.

Maintained high rankings in the Global Real Estate Sustainability Benchmark (GRESB) 2017.

3. Enhancing Value

Acquired a 50% interest in a new office tower to be developed at 311 Spencer Street in Melbourne, as part of the Manager's ongoing portfolio enhancement process.

Piling works completed as at end 2017, with construction on track for completion in 4Q 2019.

Property Portfolio Statistics

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

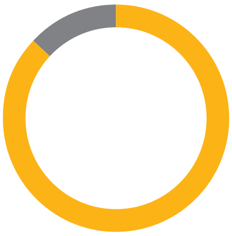
	As at 31 December 2017	As at 31 December 2016
NLA	**3,336,589 sf[1]**	3,340,019 sf
	309,978 sm[1]	310,296 sm
Valuation	**$8.5 billion[2]**	$8.4 billion
Number of tenants[3]	**326[1]**	307
Committed occupancy	**99.7%[1]**	99.2%
WALE	**5.5 years[1]**	6 years

1 Excludes 311 Spencer Street, which is under construction.
2 Includes 311 Spencer Street.
3 Tenants located in more than one building are accounted for as one tenant when computing the total number of tenants.

1.
Through proactive marketing and leasing efforts, Keppel REIT achieved a high portfolio committed occupancy of 99.7% as at end 2017.

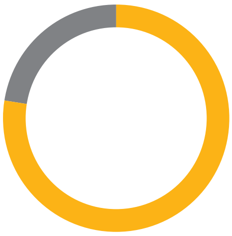
Property Portfolio

Portfolio Asset Distribution by Value[1] (%)
as at 31 December 2017



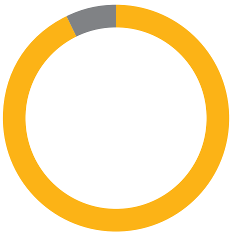
Singapore	87.2
Australia[2]	12.8
Total	**100.0**

Portfolio Asset Distribution by NLA[1] (%)
as at 31 December 2017



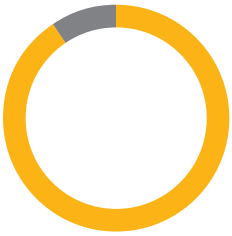
Singapore	77.7
Australia[3]	22.3
Total	**100.0**

Singapore Asset Distribution by Value[1] (%)
as at 31 December 2017



Raffles Place & Marina Bay	92.9
Bugis	7.1
Total	**100.0**

Singapore Asset Distribution by NLA[1] (%)
as at 31 December 2017



Raffles Place & Marina Bay	90.6
Bugis	9.4
Total	**100.0**

Portfolio Lease Expiry Profile by Committed NLA[1] (%)
as at 31 December 2017

2018	8.3
2019	10.4
2020	7.7
2021	20.0
2022	13.9
2023 & beyond	39.4

Portfolio Lease Expiry Profile by Committed Monthly Gross Rent[1] (%)
as at 31 December 2017

2018	8.0
2019	11.4
2020	8.8
2021	19.7
2022	12.9
2023 & beyond	39.2

Portfolio Rent Review by Committed NLA[1] (%)
as at 31 December 2017

2018	14.2
2019	1.6
2020	3.3
2021	7.1
2022	–
2023 & beyond	4.9

Portfolio Rent Review by Committed Monthly Gross Rent[1] (%)
as at 31 December 2017

2018	13.4
2019	1.6
2020	3.2
2021	6.2
2022	–
2023 & beyond	5.4

1 Based on Keppel REIT's interest in the respective properties.
2 Includes 311 Spencer Street. Based on the exchange rate of A$1 = S$1.02.
3 Excludes 311 Spencer Street, which is under construction.

Construction of the office tower commenced in August 2017, and piling works have been completed as at end 2017. When completed in 4Q 2019, the development will be the headquarters for Victoria Police on a 30-year lease.

The new office tower at 311 Spencer Street will provide Unitholders sustainable income growth over the long term and a stable average yield of 6.4%[1] per annum over the first 15 years from the lease commencement.

Maintaining High Portfolio Occupancy
Proactive marketing and leasing efforts during the year saw Keppel REIT achieve a high portfolio committed occupancy of 99.7% as at end 2017.

The average committed occupancy for the Singapore and Australia properties was 99.6% and 99.8% respectively. This was higher than that of the average Singapore core CBD of 93.8%[2], and above the Australian CBD average of 90.2%[2].

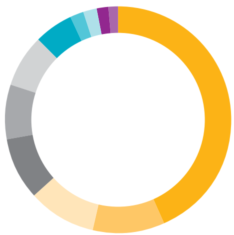
Long Weighted Average Lease Expiry (WALE)
As at the end of 2017, Keppel REIT's WALE was approximately 5.5 years for the overall portfolio and about 7.8 years for the top 10 tenants.

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, 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 include fixed annual rental escalations throughout the lease term.

The WALE for leases committed in 2017 was approximately 3.7 years as at end 2017. These leases constitute 9.7% of Keppel REIT's monthly property income as at end 2017.

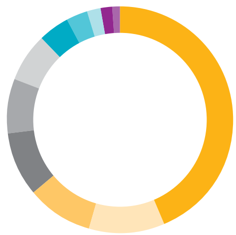
[1] Based on the expected net property income for the first 15 years of the lease to the tenant, over the consideration of A$347.8 million. There is a market rent review at the commencement of year 16, subject to a cap and collar.
[2] Sources: Singapore – CBRE Pte. Ltd., as at 4Q 2017. Australia – Property Council of Australia, as at January 2018.

Tenant Business Sector Analysis by Committed NLA (%)
as at 31 December 2017



Banking, insurance & financial services	43.5
TMT	10.2
Legal	9.7
Energy, natural resources, shipping and marine	9.0
Government agency	7.8
Real estate & property services	7.5
Accounting & consultancy services	5.4
Retail and F&B	2.0
Services	1.8
Others	1.6
Hospitality & leisure	1.5
Total	**100.0**

Tenant Business Sector Analysis by Committed Monthly Gross Rent (%)
as at 31 December 2017



Banking, insurance & financial services	43.7
Legal	10.8
TMT	9.6
Energy, natural resources, shipping and marine	9.0
Government agency	8.0
Real estate & property services	6.9
Accounting & consultancy services	4.4
Retail and F&B	2.9
Services	2.0
Others	1.5
Hospitality & leisure	1.2
Total	**100.0**

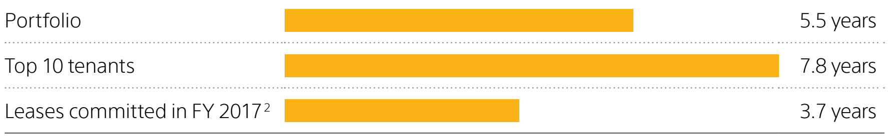
Portfolio Occupancy by Committed NLA (%)
as at 31 December 2017

Portfolio	99.7
Singapore	99.6
Australia	99.8
Property	
Ocean Financial Centre	100.0
Marina Bay Financial Centre[3]	99.6
One Raffles Quay	100.0
Bugis Junction Towers	97.6
8 Chifley Square	100.0
8 Exhibition Street	99.7
275 George Street	99.7
David Malcolm Justice Centre	100.0

[3] Comprises Marina Bay Financial Centre Towers 1, 2 and 3, as well as the subterranean Marina Bay Link Mall.

Property Portfolio

Weighted Average Lease Expiry[1]
as at 31 December 2017



[1] Excludes all rent reviews.
[2] Based on the weighted average lease expiry of all leases concluded in 2017.

The weighted average remaining tenure of leasehold properties in Keppel REIT's portfolio is 87.5 years (by attributable NLA).

Out of the total portfolio NLA of 3,336,589 sf, 85.9% and 14.1% are leasehold and freehold properties respectively.

Well-Staggered Lease Expiry Profile

Keppel REIT continues to maintain a healthy and well-staggered lease expiry profile. As at end 2017, not more than 20.0% of the portfolio's total committed leases (by NLA) will expire in any one year over the next five years.

The Manager will continue to maintain a healthy and well-staggered lease expiry profile. Approximately 8.3% of leases based on Keppel REIT's total portfolio NLA are due for renewal in 2018, 10.4% in 2019 and 7.7% in 2020. The remaining 73.3% of leases are due for renewal only in 2021 and beyond.

As at end 2017, 8.3% and 14.2% of leases (by attributable NLA) are due for renewal and review in 2018 respectively. The rents for the majority number of these leases range between $8.50 psf to $12.00 psf.

Diversified Tenant Base

Keppel REIT's leases span across a well-diversified tenant profile, many of which are established corporations. As at end 2017, the total number of tenants in Keppel REIT's portfolio was 326 from various business sectors.

Based on the total portfolio committed NLA, the top three tenant business sectors are from the banking, insurance and financial services sector; the TMT sector and legal sector. Together, they make up 63.4% of the portfolio NLA.

Top 10 Tenants

In 2017, the top 10 tenants occupied 43.2% of portfolio committed NLA and contributed 40.1% of the committed monthly gross rental income.

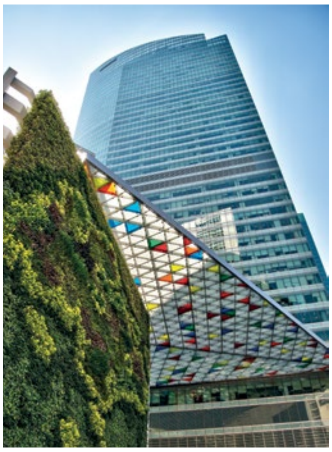
The top 10 tenants are from the banking, insurance and financial services sector; a government agency; as well as the TMT sector; accounting and consultancy services sector; and legal sector.

Top 10 Tenants by Total Committed Monthly Gross Rent and Total Committed NLA

	Building[3]	Tenant	% of Total Committed Monthly Gross Rent[4]	% of Total Committed NLA[4]	Business Sector
1	**MBFC**	DBS Bank	5.6%	6.2%	Banking, insurance & financial services
2	**DMJC**	Government of Western Australia	5.4%	4.9%	Government agency
3	**OFC & 275GS**	ANZ	5.3%	5.7%	Banking, insurance & financial services
4	**OFC**	BNP Paribas	5.1%	4.7%	Banking, insurance & financial services
5	**MBFC**	Standard Chartered Bank	4.4%	4.3%	Banking, insurance & financial services
6	**275GS**	Telstra Corporation	3.3%	4.4%	TMT
7	**ORQ & 8EX**	Ernst & Young	3.1%	4.2%	Accounting & consultancy services
8	**OFC**	Drew & Napier	2.7%	2.9%	Legal
9	**ORQ**	Deutsche Bank	2.6%	2.8%	Banking, insurance & financial services
10	**ORQ & 8EX**	UBS	2.6%	3.1%	Banking, insurance & financial services
			40.1%	**43.2%**	

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

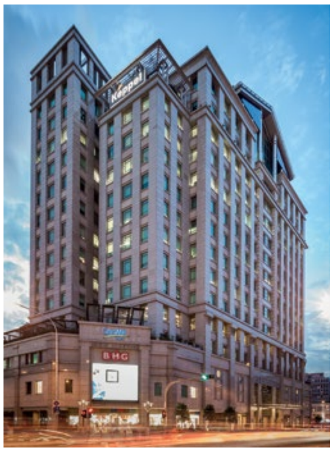
Location of Singapore Properties



Ⓐ Ocean Financial Centre

Ⓑ Marina Bay Financial Centre

Ⓒ One Raffles Quay



Ⓓ Bugis Junction Towers

MRT Stations

① Raffles Place
② Telok Ayer
③ Downtown
④ Bayfront
⑤ Chinatown
⑥ Promenade
⑦ Esplanade
⑧ Bras Basah
⑨ City Hall
⑩ Dhoby Ghaut
⑪ Somerset
⑫ Bugis
⑬ Outram Park
⑭ Clarke Quay
⑮ Nicoll Highway
⑯ Marina Bay
⑰ Fort Canning
⑱ Bencoolen

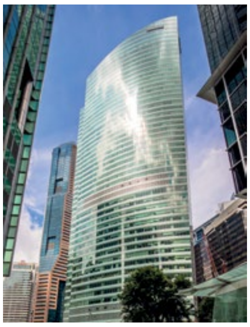
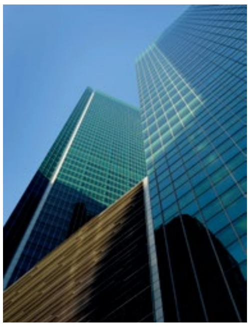
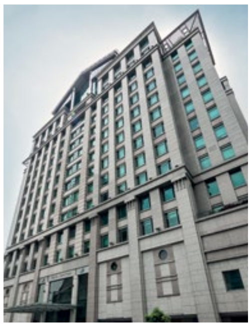
Legends

- Core CBD
- East West Line
- North South Line
- Downtown Line
- Circle Line
- North East Line
- Thomson-East Coast Line (under construction)

For illustration purposes, and not drawn to scale.

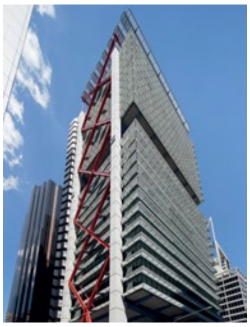
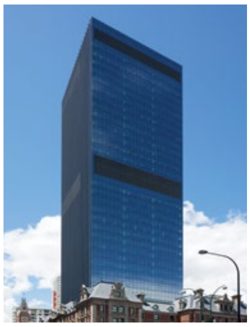
Property Portfolio
At a Glance

Singapore

	Ocean Financial Centre[1]	Marina Bay Financial Centre[1,7]	One Raffles Quay[1]	Bugis Junction Towers
				
Location	10 Collyer Quay, Singapore 049315	8, 8A,10 and 12 Marina Boulevard, Singapore 018981-4	1 Raffles Quay, Singapore 048583	230 Victoria Street, Singapore 188024
Title	Leasehold interest of 99 years expiring 13 December 2110	Leasehold estate of 99 years expiring 10 October 2104[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 9 September 2089
Ownership Interest	99.9%	33.3%	33.3%	100%
Acquisition Date	14 December 2011[2] 25 June 2012[2]	15 December 2010[8] 16 December 2014[9]	10 December 2007	26 April 2006
Purchase Price	$2,298.8 million[3]	$1,426.8 million[8] $1,248.0 million[9]	$941.5 million	$159.5 million
Valuation[4]	$2,623.0 million $2,979 psf	$1,693.0 million[8] $1,300.3 million[9] $2,917 psf[7]	$1,273.0 million $2,875 psf	$525.0 million $2,147 psf
Capitalisation Rate	3.75%	3.75%	3.75%	3.75%
Attributable NLA	880,603 sf 81,810 sm	1,026,032 sf 95,321 sm	442,806 sf 41,138 sm	244,579 sf 22,722 sm
Committed Occupancy	100.0%	99.6%	100.0%	97.6%
FY 2017 Income Contribution	$91.6 million	$95.0 million	$28.8 million	$15.1 million
Number of Tenants[5]	62	165	58	17
Principal Tenants	ANZ, BNP Paribas, Drew & Napier	DBS Bank, Standard Chartered Bank, Barclays	Deutsche Bank, UBS, Ernst & Young	Keppel Land, International Enterprise Singapore, InterContinental Hotels Group
Number of Carpark Lots[6]	224	1,054	713	648[10]

1 Refers to Keppel REIT's respective interest in the development.
2 The approximate 87.5% and 12.4% interests of the building were acquired on 14 December 2011 and 25 June 2012 respectively.
3 Based on purchase price of $2,013.1 million as at 14 December 2011 and $285.7 million as at 25 June 2012.
4 Valuation as at 31 December 2017 based on Keppel REIT's interest in the respective properties.
5 Tenants located in more than one building are accounted for as one tenant when computing the total number of tenants.
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 and Marina Bay Link Mall (MBLM).
8 Refers to MBFC Towers 1 and 2 and MBLM.
9 Refers to MBFC Tower 3.
10 Carpark lots are owned and managed by the management corporation.

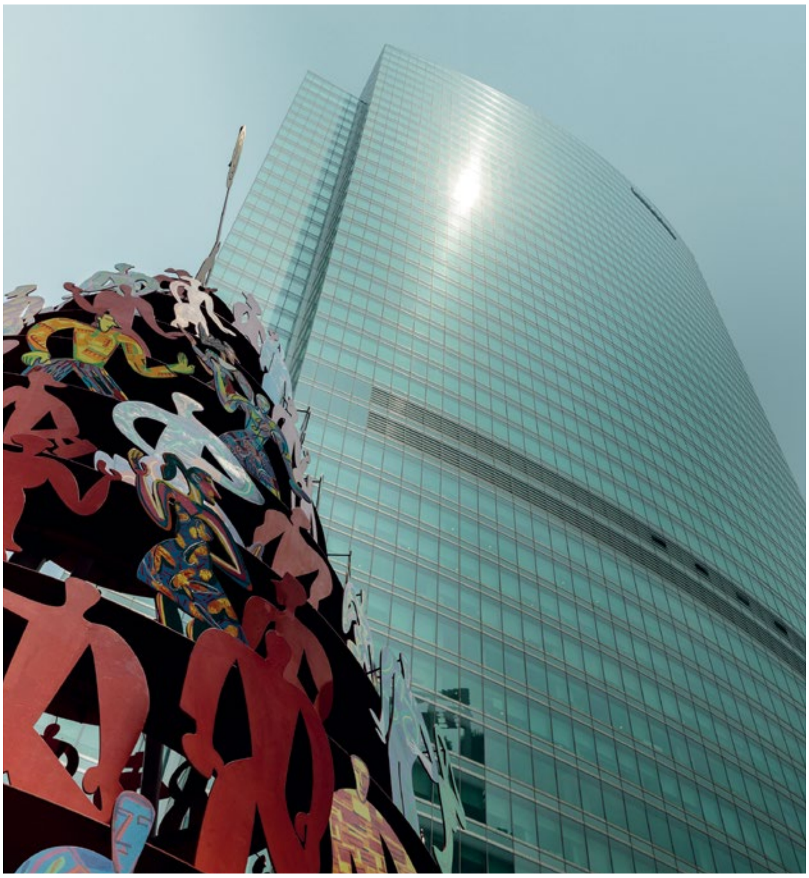
Australia

	8 Chifley Square[1]	8 Exhibition Street[1,6]	275 George Street[1]	David Malcolm Justice Centre[1]	311 Spencer Street[1] *(Under development)*
					
Location	8 Chifley Square, Sydney, New South Wales 2000, Australia	8 Exhibition Street, Melbourne, Victoria 3000, Australia	275 George Street, Brisbane, Queensland 4000, Australia	28 Barrack Street, Perth, Western Australia 6000, Australia	311 Spencer Street, Melbourne, Victoria 3008, Australia
Title	Leasehold estate of 99 years expiring 5 April 2105	Freehold	Freehold	Leasehold estate of 99 years expiring 30 August 2114	Freehold
Ownership Interest	50%	50%[6]	50%	50%	50%
Acquisition Date	28 July 2011	1 August 2013[7] 12 October 2015[8]	1 March 2010	28 March 2013	31 July 2017
Purchase Price (on acquisition)	$197.8 million	$192.4 million[7] $8.9 million[8]	$209.4 million	$208.1 million	$362.4 million[9]
Valuation[2,3]	$247.4 million $2,376 psf	$256.0 million[6] $1,041 psf[6]	$219.3 million $976 psf	$216.8 million $1,292 psf	$148.9 million[10]
Capitalisation Rate	5.00%	5.00%[7] 4.50%[8]	5.63%	5.50%	4.63%
Attributable NLA	104,138 sf 9,675 sm	245,954 sf 22,850 sm	224,693 sf 20,874 sm	167,784 sf 15,588 sm	358,683 sf 33,322 sm
Committed Occupancy	100.0%	99.7%	99.7%	100.0%	100.0%
FY 2017 Income Contribution	$13.3 million	$11.5 million	$15.5 million	$13.3 million	–
Number of Tenants[4]	8	21	12	2	1
Principal Tenants	Corrs Chambers Westgarth, Quantium Group, QBE Insurance Group	Ernst & Young, Minister for Finance - State of Victoria, UBS	Telstra Corporation, Queensland Gas Company	Government of Western Australia	Assistant Treasurer - State of Victoria
Number of Carpark Lots[5]	29	–	233	195	600

1 Refers to Keppel REIT's respective interest in the development.
2 Valuation as at 31 December 2017 based on Keppel REIT's interest in the respective properties.
3 Based on the exchange rate of A$1 = S$1.02.
4 Tenants located in more than one building are accounted for as one tenant when computing the total number of tenants.
5 Refers to all available carpark lots in the respective properties, excluding loading and unloading bays.
6 Keppel REIT owns a 50% interest in the 8 Exhibition Street office building and 100% interest in another 3 retail units.
7 Refers to Keppel REIT's 50% interest in the office building.
8 Refers to Keppel REIT's 100% interest in the 3 retail units.
9 The acquisition price was A$347.8 million, and based on the exchange rate of A$1 = S$1.042 as at June 2017.
10 Valuation on an "as is" basis as at 31 December 2017, and based on Keppel REIT's interest in the property.

Property Portfolio
Singapore

Ocean Financial Centre



The 43-storey Ocean Financial Centre is a premium Grade A development strategically located at the intersection of the Raffles Place and Marina Bay financial precincts. It offers over 881,000 sf of quality space, large column-free floor plates of between 20,000 sf and 25,000 sf, as well as direct access to the Raffles Place MRT interchange via an underground pedestrian network. Its retail component, Ocean Colours, which is located on the ground and basement levels, provides various dining options and amenities. For its efforts in sustainability, Ocean Financial Centre was recognised with the Green Mark Platinum Award and Green Mark Pearl Award in 2016 by the Building and Construction Authority (BCA) of Singapore.

Key Statistics
as at 31 December 2017

Location
10 Collyer Quay,
Singapore 049315

Title
Leasehold interest of 99 years expiring 13 December 2110

Ownership Interest
99.9%

Acquisition Date[1]
14 December 2011
25 June 2012

Valuation[2]
$2,623.0 million

Attributable NLA
880,603 sf / 81,810 sm

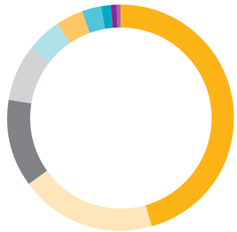
Committed Occupancy
100.0%

Income Contribution
$91.6 million

Number of Tenants
62

Number of Carpark Lots
224

Tenant Business Sector Analysis by Committed Monthly Gross Rent (%)
as at 31 December 2017



Banking, insurance & financial services	46.1
Legal	19.5
Energy, natural resources, shipping and marine	12.5
Real estate & property services	7.9
Services	5.1
TMT	4.0
Retail and F&B	2.8
Accounting & consultancy services	1.2
Others	0.7
Hospitality & leisure	0.2
Total	**100.0**

Top Five Tenants
as at 31 December 2017

	% of Total Committed Monthly Gross Rent
ANZ	19.0
BNP Paribas	18.2
Drew & Napier	9.4
The Executive Centre Singapore	4.3
Trafigura	3.7

Lease Expiry Profile by Committed Monthly Gross Rent (%)
as at 31 December 2017

2018	14.6
2019	9.9
2020	10.8
2021	17.3
2022	13.9
2023 & beyond	33.5

1 The approximate 87.5% and 12.4% interests of the building were acquired on 14 December 2011 and 25 June 2012 respectively.
2 Valuation as at 31 December 2017 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 Marina Bay Link Mall. Positioned as Asia's Best Business Address™, 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. An underground pedestrian network connects Marina Bay Financial Centre to other office buildings in the Marina Bay precinct, as well as the Raffles Place MRT and Downtown MRT stations. Marina Bay Financial Centre continues to hold the BCA Green Mark Platinum Award and was conferred the Safety and Health Award Recognition for Projects (SHARP) Award 2017 by the Workplace Safety and Health (WSH) Council.

Key Statistics
as at 31 December 2017

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]
$1,693.0 million[1]; $1,300.3 million[2]

Attributable NLA
1,026,032 sf / 95,321 sm

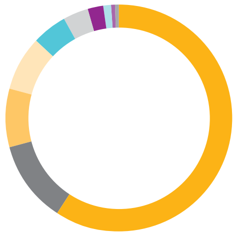
Committed Occupancy
99.6%

Income Contribution
$95.0 million

Number of Tenants
165

Number of Carpark Lots
1,054

Tenant Business Sector Analysis by Committed Monthly Gross Rent (%)
as at 31 December 2017



Banking, insurance & financial services	59.8
Energy, natural resources, shipping and marine	11.5
TMT	8.4
Legal	7.9
Retail and F&B	4.8
Real estate & property services	3.6
Others	2.4
Services	1.0
Hospitality & leisure	0.4
Government agency	0.2
Total	**100.0**

Top Five Tenants
as at 31 December 2017

	% of Total Committed Monthly Gross Rent
DBS Bank	17.4
Standard Chartered Bank	13.7
Barclays	6.9
BHP Billiton	4.2
Nomura	3.2

Lease Expiry Profile by Committed Monthly Gross Rent (%)
as at 31 December 2017

2018	2.9
2019	12.1
2020	11.2
2021	24.8
2022	17.8
2023 & beyond	31.2

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 2017 based on Keppel REIT's interest in the property.

Property Portfolio
Singapore

One Raffles Quay

A landmark commercial development located in the Marina Bay precinct, One Raffles Quay offers over 1.3 million sf of prime office space, with the 50-storey North Tower and 29-storey South Tower featuring column-free floor plates of 18,000 sf and 30,000 sf respectively. It is connected to surrounding office buildings and the Raffles Place and Downtown MRT stations via an underground pedestrian walkway. One Raffles Quay received the BCA Green Mark Platinum Award in 2016, as well as the SHARP Award in 2017.

Key Statistics
as at 31 December 2017

Location
1 Raffles Quay,
Singapore 048583

Title
Leasehold estate of 99 years expiring 12 June 2100

Ownership Interest
33.3%

Acquisition Date
10 December 2007

Valuation[1]
$1,273.0 million

Attributable NLA
442,806 sf / 41,138 sm

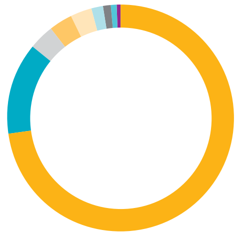
Committed Occupancy
100.0%

Income Contribution
$28.8 million

Number of Tenants
58

Number of Carpark Lots
713

Tenant Business Sector Analysis by Committed Monthly Gross Rent (%)
as at 31 December 2017

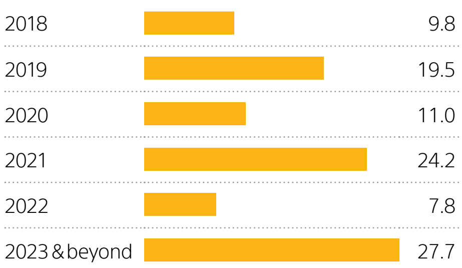


Banking, insurance & financial services	73.2
Accounting & consultancy services	13.1
Real estate & property services	3.6
TMT	3.5
Legal	3.0
Services	1.6
Energy, natural resources, shipping and marine	1.2
Retail and F&B	0.6
Others	0.2
Total	**100.0**

Top Five Tenants
as at 31 December 2017

	% of Total Committed Monthly Gross Rent
Deutsche Bank	19.5
UBS	15.0
Ernst & Young	10.3
ABN AMRO	5.3
Barclays	3.2

Lease Expiry Profile by Committed Monthly Gross Rent (%)
as at 31 December 2017



[1] Valuation as at 31 December 2017 based on Keppel REIT's interest in the property.

Bugis Junction Towers

The 15-storey Bugis Junction Towers is part of the Bugis Junction integrated mixed-use development. It offers close to 245,000 sf of quality office space and floor plates of approximately 20,000 sf. The office tower is directly linked to the retail mall and a five-star hotel, as well as the Bugis MRT station, which serves both the East West Line and Downtown Line. Bugis Junction Towers was recertified with the BCA Green Mark Platinum Award in 2017.

Key Statistics
as at 31 December 2017

Location
230 Victoria Street,
Singapore 188024

Title
Leasehold estate of 99 years
expiring 9 September 2089

Ownership Interest
100%

Acquisition Date
26 April 2006

Valuation[1]
$525.0 million

Attributable NLA
244,579 sf / 22,722 sm

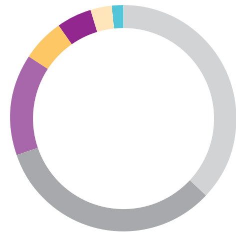
Committed Occupancy
97.6%

Income Contribution
$15.1 million

Number of Tenants
17

Number of Carpark Lots[2]
648

Tenant Business Sector Analysis by Committed Monthly Gross Rent (%)
as at 31 December 2017



Real estate & property services	36.9
Government agency	32.8
Hospitality & leisure	14.6
TMT	5.9
Others	5.2
Legal	3.2
Retail and F&B	1.4
Total	**100.0**

Top Five Tenants
as at 31 December 2017

	% of Total Committed Monthly Gross Rent
International Enterprise Singapore	32.7
Keppel Land	23.9
InterContinental Hotels Group	12.6
Keppel Capital	7.8
Interflour Group	4.3

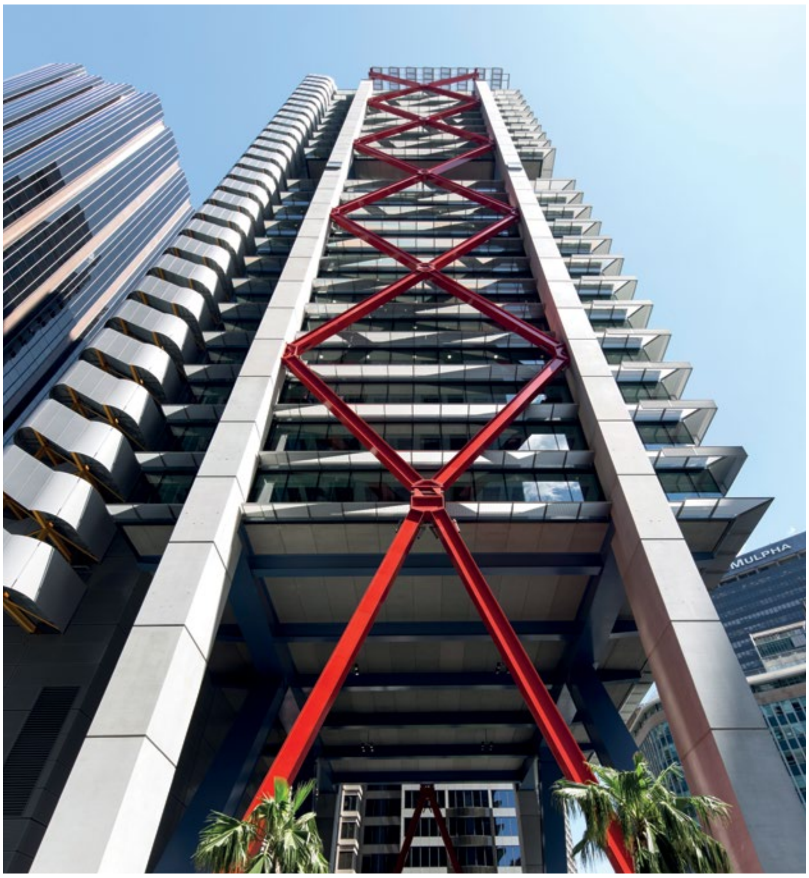
Lease Expiry Profile by Committed Monthly Gross Rent (%)
as at 31 December 2017

2018	0.6
2019	4.0
2020	8.5
2021	31.7
2022	9.9
2023 & beyond	45.3

1 Valuation as at 31 December 2017 based on Keppel REIT's interest in the property.
2 Carpark lots are owned and managed by the management corporation.

Property Portfolio
Australia

8 Chifley Square



Located at the junction of Hunter Street and Elizabeth Street in Sydney's CBD, the 30-storey 8 Chifley Square is a premium grade office building with modern specifications. Its distinctive interlinked "vertical village" concept provides tenants flexibility in designing collaborative and connected workspace environments to enhance interaction amongst employees. 8 Chifley Square holds numerous green certifications, including the 6 Star Green Star – Office Design v2 rating by the Green Building Council of Australia, as well as the 5 Stars NABERS Energy rating.

Key Statistics
as at 31 December 2017

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[1,2]
$247.4 million

Attributable NLA
104,138 sf / 9,675 sm

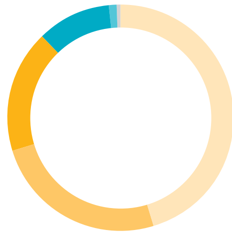
Committed Occupancy
100.0%

Income Contribution
$13.3 million

Number of Tenants
8

Number of Carpark Lots
29

Tenant Business Sector Analysis by Committed Monthly Gross Rent (%)
as at 31 December 2017



Legal	46.1
TMT	25.2
Banking, insurance & financial services	17.3
Accounting & consultancy services	10.6
Retail and F&B	0.7
Real estate & property services	0.1
Total	**100.0**

Top Five Tenants
as at 31 December 2017

	% of Total Committed Monthly Gross Rent
Corrs Chambers Westgarth	46.1
Quantium Group	25.2
QBE Insurance Group	15.2
PPB Advisory	10.7
Natixis	2.1

Lease Expiry Profile by Committed Monthly Gross Rent (%)
as at 31 December 2017

2018	0.6
2019	2.2
2020	–
2021	25.2
2022	–
2023 & beyond	72.0

1 Valuation as at 31 December 2017 based on Keppel REIT's interest in the property.
2 Based on the exchange rate of A$1 = S$1.02.

8 Exhibition Street

8 Exhibition Street is a freehold premium grade commercial building in the prime part of Melbourne's CBD with a NLA of approximately 490,000 sf, including ancillary retail space on the ground floor. It is located within close proximity to public transport nodes and is within walking distance to the major Parliament and Flinders Street railway stations. Standing at 35 storeys, it offers tenants a panoramic view of famous landmarks such as the Yarra River and Royal Botanical Gardens. 8 Exhibition Street holds a 5 Stars NABERS Energy rating for its efficient design and innovative green solutions.

Key Statistics
as at 31 December 2017

Location
8 Exhibition Street, Melbourne, Victoria 3000, Australia

Title
Freehold

Ownership Interest
50%[3]

Acquisition Date
1 August 2013[1],
12 October 2015[2]

Valuation[3,4,5]
$256.0 million

Attributable NLA
245,954 sf / 22,850 sm

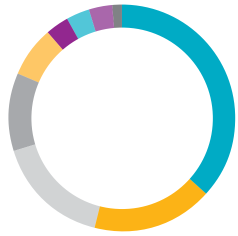
Committed Occupancy
99.7%

Income Contribution
$11.5 million

Number of Tenants
21

Number of Carpark Lots
–

Tenant Business Sector Analysis by Committed Monthly Gross Rent (%)
as at 31 December 2017



Accounting & consultancy services	36.8
Banking, insurance & financial services	17.3
Real estate & property services	16.3
Government agency	11.1
TMT	7.3
Others	3.3
Retail and F&B	3.3
Hospitality & leisure	3.3
Energy, natural resources, shipping and marine	1.3
Total	**100.0**

Top Five Tenants
as at 31 December 2017

	% of Total Committed Monthly Gross Rent
Ernst & Young	33.4
Minister for Finance – State of Victoria	11.2
UBS	10.9
CBRE	7.5
National Australia Bank	4.9

Lease Expiry Profile by Committed Monthly Gross Rent (%)
as at 31 December 2017

2018	14.8
2019	5.0
2020	0.4
2021	9.3
2022	33.2
2023 & beyond	37.3

1 Refers to Keppel REIT's 50% interest in the office building.
2 Refers to Keppel REIT's 100% interest in the 3 retail units.
3 Keppel REIT owns a 50% interest in the office building and 100% interest in another 3 retail units.
4 Valuation as at 31 December 2017 based on Keppel REIT's interest in the property.
5 Based on the exchange rate of A$1 = S$1.02.

Property Portfolio
Australia

275 George Street

275 George Street is a premium freehold Grade A building in Brisbane's CBD with over 449,000 sf of quality office space. Located between the city's two largest railway stations – Roma Street Railway Station and Central Railway Station, the 31-storey building offers tenants unparalleled connectivity and panoramic views of the Brisbane River and cityscape. 275 George Street was recertified with a 5 Stars NABERS Energy rating, and has achieved both the 5 Star Green Star – Office Design v2 and Office As Built v2 ratings.

Key Statistics
as at 31 December 2017

Location
275 George Street, Brisbane, Queensland 4000, Australia

Title
Freehold

Ownership Interest
50%

Acquisition Date
1 March 2010

Valuation[1,2]
$219.3 million

Attributable NLA
224,693 sf / 20,874 sm

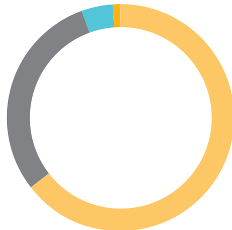
Committed Occupancy
99.7%

Income Contribution
$15.5 million

Number of Tenants
12

Number of Carpark Lots
233

Tenant Business Sector Analysis by Committed Monthly Gross Rent (%)
as at 31 December 2017



TMT	64.7
Energy, natural resources, shipping and marine	30.1
Retail and F&B	4.3
Banking, insurance & financial services	0.9
Total	**100.0**

Top Five Tenants
as at 31 December 2017

	% of Total Committed Monthly Gross Rent
Telstra Corporation	64.7
Queensland Gas Company	30.1
Seng & Huy Pty Ltd – Cicada	0.9
ANZ	0.8
Smart Clinic	0.8

Lease Expiry Profile by Committed Monthly Gross Rent (%)
as at 31 December 2017

2018	17.8
2019	28.6
2020	1.5
2021	0.3
2022	–
2023 & beyond	51.8

1 Valuation as at 31 December 2017 based on Keppel REIT's interest in the property.
2 Based on the exchange rate of A$1 = S$1.02.

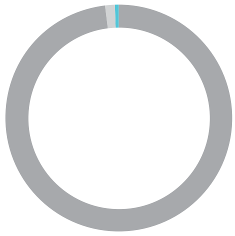
David Malcolm Justice Centre

Strategically located in Perth's CBD at the junction of Barrack Street and St Georges Terrace, the 33-storey David Malcolm Justice Centre and its annexe offer a total lettable area of approximately 336,000 sf. It was built on the historic site of the Old Treasury Building and houses the Supreme Court's civil functions, judicial chambers, as well as the departments of Treasury and the Attorney General. The building has achieved both the 5 Star Green Star – Office Design v3 and Office As Built v3 ratings.

Key Statistics
as at 31 December 2017

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 Aug 2114	**Committed Occupancy** 100.0%
Ownership Interest 50%	**Income Contribution** $13.3 million
Acquisition Date 28 March 2013	**Number of Tenants** 2
Valuation[1,2] $216.8 million	**Number of Carpark Lots** 195

Tenant Business Sector Analysis by Committed Monthly Gross Rent (%)
as at 31 December 2017



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

Top Five Tenants
as at 31 December 2017

	% of Total Committed Monthly Gross Rent
Government of Western Australia	98.7
Mirvac Real Estate	1.3

Lease Expiry Profile by Committed Monthly Gross Rent (%)
as at 31 December 2017

2018	–
2019	–
2020	1.3
2021	–
2022	–
2023 & beyond	98.7

[1] Valuation as at 31 December 2017 based on Keppel REIT's interest in the property.
[2] Based on the exchange rate of A$1 = S$1.02.

Property Portfolio
Australia

311 Spencer Street *(Under development)*

Standing at 42 storeys, the Grade A office tower to be developed at 311 Spencer Street will have an estimated total NLA of 717,000 sf. It is strategically located between Melbourne's CBD and the new Docklands precinct, and is within walking distance to the Southern Cross Station, the city's major railway and transportation hub. Construction commenced in August 2017, and piling works have been completed as of end 2017. When completed in 4Q 2019, the office tower will be the headquarters for the Victoria Police. Designed by leading architecture firm, Woods Bagot, the office tower will be an eco-icon in Melbourne, meeting the requirements of both the 5 Star Green Star Office Design rating and 4.5 Stars NABERS Energy rating.

Key Statistics
as at 31 December 2017

Location
311 Spencer Street, Melbourne, Victoria 3008, Australia

Title
Freehold

Ownership Interest
50%

Acquisition Date
31 July 2017

Valuation[1,2]
$148.9 million

Attributable NLA
358,683 sf / 33,322 sm

Committed Occupancy
100.0%

Income Contribution
–

Number of Tenants
1

Number of Carpark Lots
600

1 Valuation on an "as is" basis as at 31 December 2017, and based on Keppel REIT's interest in the property.
2 Based on the exchange rate of A$1 = S$1.02.

Financial Review

Stable portfolio performance during the year saw the Manager deliver sustained levels of distributable income over the four quarters of 2017, bringing full-year distributable income to $190.7 million.

Distribution Yield

4.5%

Based on the distribution per Unit of 5.70 cents for 2017 and the market closing price of $1.26 per Unit as at 31 December 2017.

Net Asset Value per Unit

$1.40

Net asset value per Unit, excluding the distributable income for 4Q 2017, was $1.40 as at 31 December 2017.

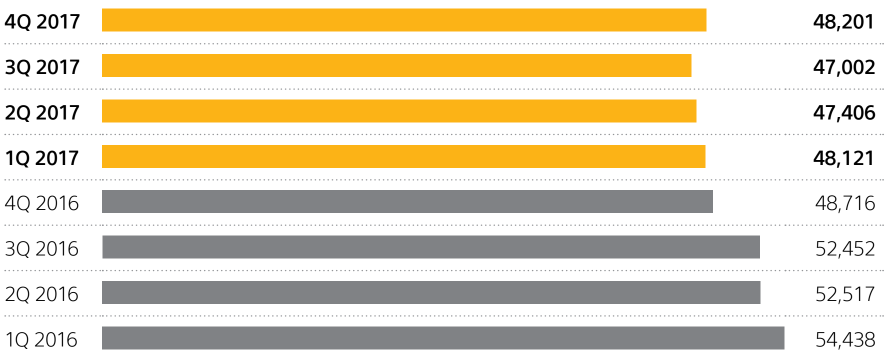
Keppel REIT recorded distributable income of $190.7 million for the financial year ended 31 December 2017 (FY 2017), an 8.4% decrease from $208.1 million for the financial year ended 31 December 2016 (FY 2016). The decrease was attributable mainly to the absence of income from 77 King Street in Sydney, which was divested in January 2016; lower one-off income received; lower rental support; and absence of other gains distribution.

Keppel REIT's share of results of associates and joint ventures increased 0.4% and 3.8% year-on-year to $83.8 million and $32.0 million respectively, due mainly to better performance from Keppel REIT's interests in Marina Bay Financial Centre in Singapore and David Malcolm Justice Centre in Perth, Australia.

Portfolio Enhancement Strategy

On 31 July 2017, Keppel REIT completed the acquisition of a 50% interest in a premium office tower development for A$347.8 million from Australian Postal Corporation. Located at 311 Spencer Street in Melbourne, the freehold Grade A office tower development will be fully leased to Assistant Treasurer – State of Victoria on a 30-year net lease upon completion in 4Q 2019, with fixed annual rental escalations throughout the entire lease term, and options to renew for three additional terms of five years each.

Distributable Income by Quarter ($'000)



Financial Review

Overview

	FY 2017 $'000	FY 2016 $'000	Change %
Property income	**164,516**	161,252	2.0
Property expenses	**(33,316)**	(32,882)	1.3
Net property income	**131,200**	128,370	2.2
Share of results of associates	**83,795**	83,460	0.4
Share of results of joint ventures	**31,959**	30,789	3.8
Interest income and rental support[1]	**35,800**	44,205	(19.0)
Manager's management fees	**(50,989)**	(50,515)	0.9
Other operating expenses	**(86,182)**	(76,686)	12.4
Net income	**145,583**	159,623	(8.8)
Gain on divestment of investment property	**–**	28,299	(100.0)
Net change in fair value of investment properties	**51,727**	91,171	(43.3)
Income tax expense	**(17,156)**	(21,306)	(19.5)
Total return after tax	**180,154**	257,787	(30.1)
Attributable to:			
– Unitholders	**172,608**	250,191	(31.0)
– Perpetual securities holders	**7,470**	7,490	(0.3)
– Non-controlling interest	**76**	106	(28.3)
Distributable income	**190,730**	208,123	(8.4)

1 Rental support comprised rental support from vendors of the one-third interest in Central Boulevard Development Pte. Ltd. (CBDPL) and the approximate 12.4% interest in Ocean Financial Centre.

Financial Year Ended 31 December 2017

1Q 2017 Results Announcement	19 April 2017
1Q 2017 Distribution to Unitholders	30 May 2017
1H 2017 Results Announcement	18 July 2017
2Q 2017 Distribution to Unitholders	29 August 2017
3Q 2017 Results Announcement	17 October 2017
3Q 2017 Distribution to Unitholders	28 November 2017
FY 2017 Results Announcement	23 January 2018
4Q 2017 Distribution to Unitholders	28 February 2018
Despatch of Annual Report to Unitholders	29 March 2018
Annual General Meeting	20 April 2018

Financial Year Ending 31 December 2018

1Q 2018 Results Announcement	April 2018
1H 2018 Results Announcement	July 2018
3Q 2018 Results Announcement	October 2018
FY 2018 Results Announcement	January 2019

With the addition of 311 Spencer Street, Keppel REIT's assets under management (AUM) increased to $8.5 billion as at 31 December 2017, from $8.4 billion as at 31 December 2016. These comprised interests in nine premium office assets (completed and under development) strategically located in the central business districts of Singapore and key cities of Australia.

The assets in Singapore are a 99.9% interest in Ocean Financial Centre (Ocean Financial Centre Interest), a 100% interest in Bugis Junction Towers, a one-third interest in Marina Bay Financial Centre (comprising Towers 1, 2 and 3 and the subterranean mall, Marina Bay Link Mall), as well as a one-third interest in One Raffles Quay.

The assets in Australia are a 50% interest in 8 Chifley Square in Sydney (8 Chifley Square Interest), a 50% interest in the 8 Exhibition Street office building and 100% interest in another 3 retail units in Melbourne (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 an office tower to be developed at 311 Spencer Street in Melbourne (311 Spencer Street Interest).

The contributions from Ocean Financial Centre, Bugis Junction Towers, 8 Exhibition Street Interest and 275 George Street Interest are accounted for as property income. Upon completion of the development, the contribution from 311 Spencer Street Interest will also be accounted for as property income. For FY 2016, property income also included the contribution from the 77 King Street Office Tower for the period from 1 January 2016 to 29 January 2016.

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.

1.
The REIT holds a one-third interest in Marina Bay Financial Centre, which comprises Towers 1, 2 and 3 and Marina Bay Link Mall.

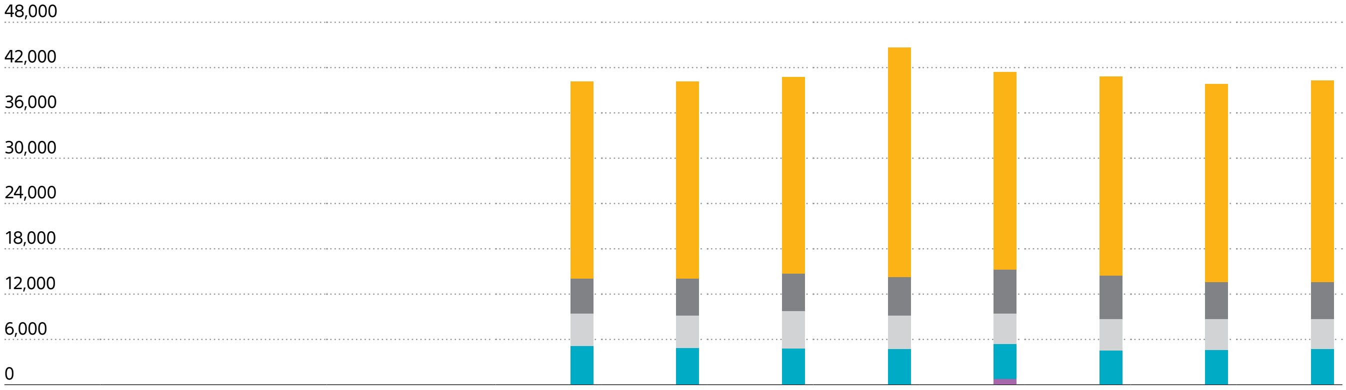
1

Property Income Contribution by Asset (%)

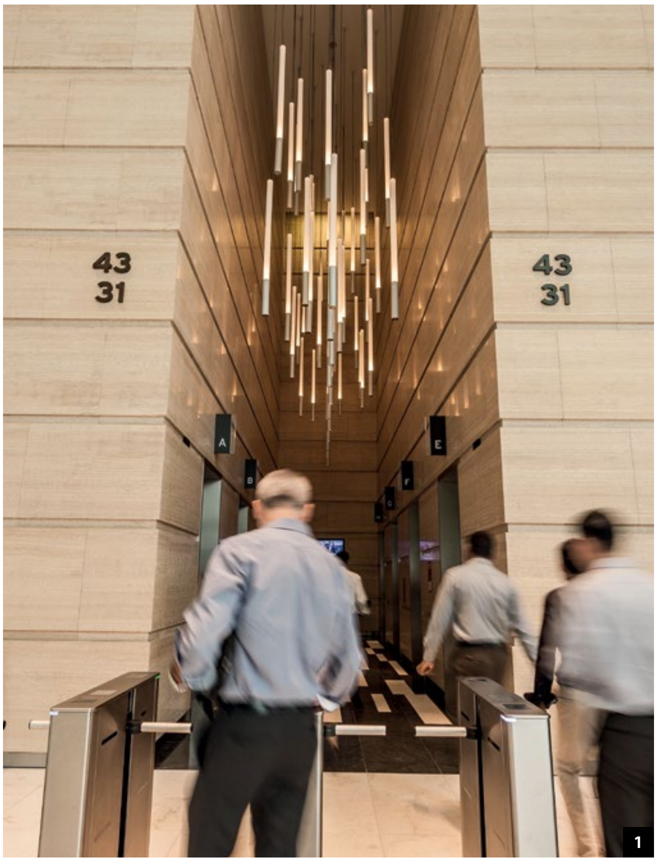
	2017	2016
Ocean Financial Centre	**65.6**	65.0
Bugis Junction Towers	**11.8**	13.2
8 Exhibition Street Interest	**10.9**	10.0
275 George Street Interest	**11.7**	11.4
77 King Street Office Tower	**–**	0.4
Total	**100.0**	100.0

Financial Review

Property Income Contribution by Asset by Quarter ($'000)



	1Q 2017	2Q 2017	3Q 2017	4Q 2017	1Q 2016	2Q 2016	3Q 2016	4Q 2016
Ocean Financial Centre	**25,951**	**25,937**	**25,854**	**30,210**	26,100	26,208	26,043	26,512
Bugis Junction Towers	**4,588**	**4,830**	**4,944**	**5,084**	5,751	5,770	4,880	4,858
8 Exhibition Street Interest	**4,232**	**4,314**	**4,919**	**4,434**	3,998	4,117	4,085	3,950
275 George Street Interest	**5,085**	**4,765**	**4,728**	**4,641**	4,649	4,457	4,524	4,681
77 King Street Office Tower	**–**	**–**	**–**	**–**	669	–	–	–
Total	**39,856**	**39,846**	**40,445**	**44,369**	41,167	40,552	39,532	40,001



1.
Keppel REIT's higher operating cash flows were attributable mainly to higher income contribution from Ocean Financial Centre, as well as lower income taxes paid.

Distributable Income

Distributable income decreased by $17.4 million to $190.7 million for FY 2017, from $208.1 million for FY 2016.

The lower distributable income was attributable mainly to the absence of income from the 77 King Street Office Tower in Sydney, which was divested in January 2016; lower one-off income received; lower rental support; and absence of other gains distribution.

The decrease in distributable income was offset partly by higher income contribution from Ocean Financial Centre, higher dividend and distribution income from the one-third interest in Marina Bay Financial Centre, higher distribution income from joint ventures, as well as lower trust expenses.

Property Income

Property income for FY 2017 stood at $164.5 million, compared with $161.3 million for FY 2016, due mainly to better performance from

Ocean Financial Centre, 275 George Street Interest and 8 Exhibition Street Interest. This was offset partly by the absence of income from the 77 King Street Office Tower and lower property income from Bugis Junction Towers.

Net Property Income

Net property income (NPI) for FY 2017 stood at $131.2 million, compared with $128.4 million for FY 2016, due mainly to better performance from Ocean Financial Centre, 275 George Street Interest and 8 Exhibition Street Interest. This was offset partly by the absence of income from the 77 King Street Office Tower and lower NPI from Bugis Junction Towers.

Income Contribution

Income contribution comprises NPI from Ocean Financial Centre, Bugis Junction Towers, 8 Exhibition Street Interest and 275 George Street Interest; rental support; distribution income from the 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), BFC Development Limited Liability Partnership (BFCDLLP) and Central Boulevard Development Pte. Ltd. (CBDPL); as well as interest income from ORQPL and BFCDLLP. For FY 2016, income contribution also included NPI from the 77 King Street Office Tower (for the period from 1 January 2016 to 29 January 2016).

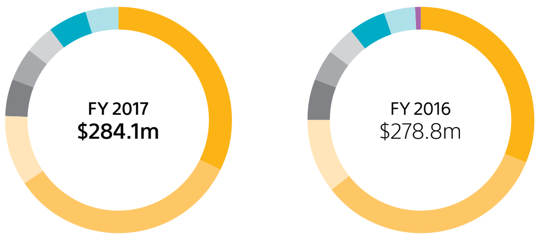
Keppel REIT's income contribution for FY 2017 was $284.1 million, compared with $278.8 million for FY 2016 due mainly to higher NPI from Ocean Financial Centre, 275 George Street Interest and 8 Exhibition Street Interest, as well as higher dividend and distribution income from BFCDLLP, CBDPL and joint ventures. The increase in dividend and distribution income from BFCDLLP, CBDPL and joint ventures was due mainly to better performance from Marina Bay Financial Centre and David Malcolm Justice Centre Interest. This was offset partly by absence of income from the 77 King Street Office Tower, lower NPI from Bugis Junction Towers, lower rental support and lower interest income from ORQPL and BFCDLLP.

The total rental support received, net of tax, in FY 2017 amounted to $11.5 million, which translates to distribution per Unit of approximately 0.34 cents.

Net Property Income Contribution by Asset (%)

	2017	2016
Ocean Financial Centre	**67.9**	66.1
Bugis Junction Towers	**11.5**	13.1
8 Exhibition Street Interest	**8.8**	8.7
275 George Street Interest	**11.8**	11.7
77 King Street Office Tower	**–**	0.4
Total	**100.0**	100.0

Income Contribution by Asset (%)

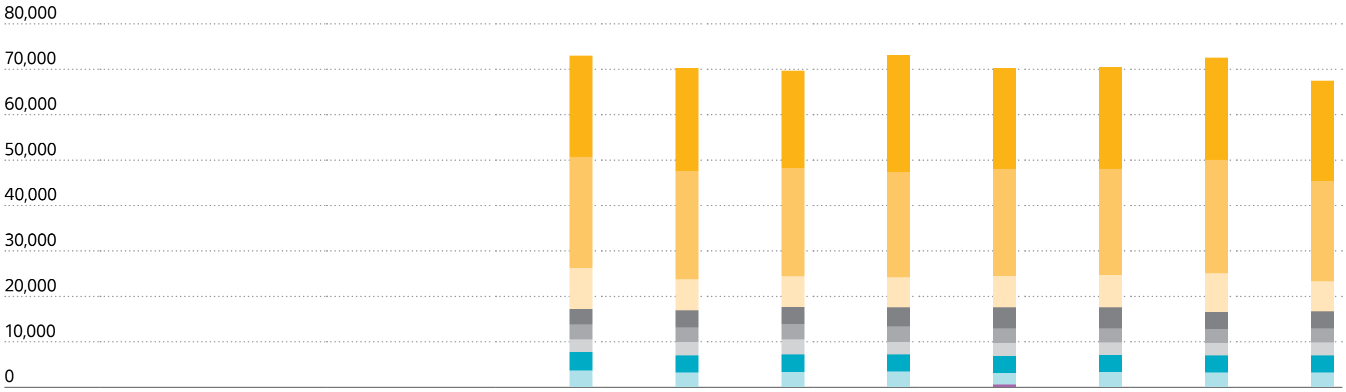


	2017	2016
Ocean Financial Centre[1]	**32.3**	31.9
One-third interests in BFCDLLP and CBDPL[2]	**33.4**	33.4
One-third interest in ORQPL[3]	**10.1**	10.4
Bugis Junction Towers	**5.3**	6.0
8 Chifley Square Interest	**4.7**	4.4
8 Exhibition Street Interest	**4.1**	4.0
275 George Street Interest	**5.4**	5.4
David Malcolm Justice Centre Interest	**4.7**	4.3
77 King Street Office Tower	**–**	0.2
Total	**100.0**	100.0

1 Comprised net property income and rental support.
2 Comprised interest income and distribution/dividend income. It also included rental support for CBDPL.
3 Comprised interest income and dividend income.

Financial Review

Income Contribution by Asset by Quarter ($'000)



	1Q 2017	2Q 2017	3Q 2017	4Q 2017	1Q 2016	2Q 2016	3Q 2016	4Q 2016
Ocean Financial Centre[1]	**22,181**	**22,466**	**21,432**	**25,566**	22,133	22,286	22,408	22,044
One-third interests in BFCDLLP and CBDPL[2]	**24,336**	**23,803**	**23,679**	**23,137**	23,394	23,177	24,806	21,812
One-third interest in ORQPL[3]	**8,917**	**6,809**	**6,599**	**6,490**	6,926	7,147	8,508	6,574
Bugis Junction Towers	**3,392**	**3,727**	**3,778**	**4,214**	4,624	4,651	3,693	3,805
8 Chifley Square Interest	**3,335**	**3,216**	**3,346**	**3,374**	3,128	2,969	3,042	3,067
8 Exhibition Street Interest	**2,690**	**2,853**	**3,283**	**2,688**	2,848	2,805	2,716	2,801
275 George Street Interest	**4,097**	**3,753**	**3,831**	**3,774**	3,780	3,681	3,722	3,795
David Malcolm Justice Centre Interest	**3,543**	**3,130**	**3,287**	**3,334**	2,450	3,250	3,171	3,085
77 King Street Office Tower	**–**	**–**	**–**	**–**	524	–	–	–
Total	**72,491**	**69,757**	**69,235**	**72,577**	69,807	69,966	72,066	66,983

1 Comprised net property income and rental support.
2 Comprised interest income and distribution/dividend income. It also included rental support for CBDPL.
3 Comprised interest income and dividend income.

Assets Under Management
Keppel REIT's AUM was approximately $8.5 billion as at 31 December 2017, compared with $8.4 billion as at 31 December 2016, due mainly to the addition of 311 Spencer Street.

There was a change of appointed valuers for the assets of the portfolio from the previous year, with the exception of David Malcolm Justice Centre. Following the change in appointed valuers, Ocean Financial Centre, Marina Bay Financial Centre Tower 3 and Bugis Junction Towers saw a decrease in the respective capital values. The decrease in capital value of David Malcolm Justice Centre was due to the depreciation of the Australian dollar (AUD) against the Singapore dollar (SGD).

Net Asset Value
As at 31 December 2017, Keppel REIT's net asset value, excluding the distributable income for 4Q 2017, was $1.40 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. It also monitors the REIT's cash flow position and working capital needs closely to ensure that there are adequate reserves in terms of cash and available credit facilities to meet short- to medium-term obligations.

Funding and Borrowings
In FY 2017, Keppel REIT diversified its funding sources and issued $75 million of seven-year medium term notes (MTN) at 3.275% per annum. This is testament to Keppel REIT's ability to raise funds at favourable rates from alternative sources.

Keppel REIT is able to actively seek refinancing at competitive costs, and continues to maintain low refinancing obligations.

The Manager has received commitments from banks to refinance the loans due in 2018. Subsequently, Keppel REIT will have no refinancing requirements until 2019. The proactive refinancing efforts have helped to maintain Keppel REIT's weighted average term to maturity of its borrowings at 3.4 years[4] as at 31 December 2017 compared with 3.5 years as at 31 December 2016.

As at 31 December 2017, the total gross borrowings of Keppel REIT were $2,528.1 million, diversified across MTN investors and 11 lending banks.

The aggregate leverage of Keppel REIT was 38.7% as at 31 December 2017, compared with 38.5% as at 31 December 2016.

Moving ahead, the Manager will continue to assess its capital structure to maintain it at an optimal level for Keppel REIT.

For FY 2017, Keppel REIT achieved an all-in interest rate of 2.62% per annum and interest coverage ratio of 4.3 times. 77% of Keppel REIT's total borrowings[5] were at fixed rates as at 31 December 2017 to safeguard against interest rate volatility.

4 This takes into account the commitments received by the Manager to refinance the loans due in 2018.
5 Included Keppel REIT's proportionate share of borrowings carried at ORQPL and CBDPL.

Since the implementation of the Distribution Reinvestment Plan (DRP) in FY 2015, Unitholders can elect to receive their distribution in Units instead of cash or a combination of Units and cash. The DRP enhances Keppel REIT's working capital reserves and improves the liquidity of the Units.

In FY 2017, a total of $34.3 million of new Units were issued pursuant to the DRP.

Cash Flows and Liquidity

As at 31 December 2017, Keppel REIT's cash and bank balances (including rental support received in advance held in designated accounts which amounted to $11.7 million) stood at $198.2 million, as compared with $278.7 million (including rental support received in advance held in designated accounts which amounted to $25.5 million) as at 31 December 2016.

Net cash flows provided by operating activities for FY 2017 were $120.0 million, an increase of $11.8 million from the operating cash flows of $108.2 million for FY 2016. The higher operating cash flows were attributable mainly to higher income contribution from Ocean Financial Centre, as well as lower income taxes paid. This was offset partly by the absence of income from the 77 King Street Office Tower and lower income contribution from Bugis Junction Towers.

Valuation of Properties

	FY 2017 $ million	FY 2016 $ million	Change %
Ocean Financial Centre Interest	**2,623.0**	2,627.0	(0.2)
One-third interest in MBFC Towers 1 and 2, as well as Marina Bay Link Mall	**1,693.0**	1,693.0	–
One-third interest in MBFC Tower 3	**1,300.3**	1,316.0	(1.2)
One-third interest in One Raffles Quay	**1,273.0**	1,273.0	–
Bugis Junction Towers	**525.0**	540.0	(2.8)
8 Chifley Square Interest	**247.4**[3]	235.9[4]	4.9
8 Exhibition Street Interest	**256.0**[3]	236.9[4]	8.1
275 George Street Interest	**219.3**[3]	213.9[4]	2.5
David Malcolm Justice Centre Interest	**216.8**[3]	220.0[4]	(1.5)
311 Spencer Street Interest	**148.9**[1,3]	–	n.m.[2]
Total	**8,502.7**	8,355.7	1.8

1 Valuation on an "as is" basis as at 31 December 2017.
2 Not meaningful.
3 Based on the exchange rate of A$1 = S$1.02 as at 31 December 2017.
4 Based on the exchange rate of A$1 = S$1.06 as at 31 December 2016.

Debt Maturity Profile (%)

2018	–[5]
2019	22
2020	18
2021	20
2022	25
2023	13[5]
2024	2

5 These take into account the commitments received by the Manager to refinance the loans due in 2018.

1.
The addition of the office tower under development at 311 Spencer Street grew Keppel REIT's assets under management to $8.5 billion as at end 2017.

Financial Review

Key Statistics

	FY 2017	FY 2016
Aggregate leverage[1]	**38.7%**	38.5%
Interest coverage ratio	**4.3 times**	4.7 times
Percentage of assets unencumbered	**84%**	84%
All-in interest rate[2]	**2.62% p.a.**	2.51% p.a.
Weighted average term to maturity	**3.4 years[3]**	3.5 years

1 Computed based on the ratio of gross borrowings to the value of deposited properties, as stipulated in the Property Funds Appendix to the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore. Gross borrowings 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, and Marina Bay Link Mall, as well as Keppel REIT's proportionate share of borrowings carried at ORQPL and CBDPL.
2 All-in interest rate included amortisation of upfront debt arrangement expenses.
3 This takes into account the commitments received by the Manager to refinance the loans due in 2018.

Change in Total Return Before Tax ($'000)

Resulting from:	
0.1% increase in interest rate	(173)
0.1% decrease in interest rate	173
5% appreciation of AUD against SGD	(6,820)
5% depreciation of AUD against SGD	6,820

Net cash flows used in investing activities for FY 2017 were $2.6 million. This comprised mainly $143.4 million of payments for the purchase of and progress payments on 311 Spencer Street, and $14.4 million of subsequent expenditure on investment properties. This was offset partly by $93.8 million of dividend and distribution income received from associates, $26.3 million of distribution income received from joint ventures, $23.4 million of interest income received and $13.8 million of rental support received for FY 2017.

Net cash flows used in financing activities were $181.4 million. This included mainly repayment of loans of $334.3 million, distribution payments of $156.9 million to Unitholders, payments of interest expense of $62.5 million, offset partly by drawdown of loans of $306.2 million and proceeds from issuance of medium term notes amounting to $75.0 million.

Accounting Policies

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

The Accounting Standards Council (Singapore) has introduced a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)), that is identical to the International Financial Reporting Standards issued by the International Accounting Standards Board. The Monetary Authority of Singapore has granted Keppel REIT a waiver from compliance with the requirement under Paragraph 4.3 of Appendix 6 to the Code on Collective Investment Schemes to prepare its financial statements in accordance with the Singapore Financial Reporting Standards.

Keppel REIT has adopted SFRS(I) on 1 January 2018 and, as a result, the financial statements of Keppel REIT for the financial year ending 31 December 2018 will be prepared in accordance with SFRS(I).

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 income generated from its AUD denominated assets.

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 total return 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 income to limit exposure to fluctuations in foreign exchange rates and to provide greater certainty over future distributions.

Keppel REIT's total return before tax will decrease or increase by $6.8 million if the AUD appreciates or depreciates by 5% against the SGD.

Sustainability Report

The Manager is committed to deliver value through Sustaining Growth in our business, Empowering Lives of our people and Nurturing Communities wherever we operate.

Sustainability Framework

Sustaining Growth

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

Resource efficiency is our responsibility and makes good business sense.

Innovation and delivering quality products and services sharpen our competitive edge.

For more information, **go to: p57–87**

Empowering Lives

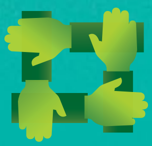
People are the cornerstone of our businesses.

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

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

For more information, **go to: p88–91**

Nurturing Communities



As a global citizen, Keppel believes that as communities thrive, we thrive.

We engage and nurture communities wherever we are, with the aim of achieving a sustainable future together.

As leaders in our businesses, we support industry initiatives and encourage open dialogue to promote growth.

For more information, **go to: p92–93**

Letter to Stakeholders

Sustainability is an integral part of Keppel REIT's strategy and is taken into account in the Manager's drive towards operational excellence.

Dear Valued Stakeholders,

I am pleased to present Keppel REIT's ninth sustainability report, which is also its second to be aligned with the Global Reporting Initiative (GRI) guidelines.

Sustainability is an integral part of Keppel REIT's strategy, and the Manager continually refines and improves its environmental, social and governance (ESG) efforts.

Advances in Sustainability

Over the course of 2017, we have taken steps to further integrate ESG practices into our processes. This includes the formation of a Sustainability Committee to oversee ESG initiatives across the organisation.

The Committee comprises representatives across all functions, including asset management, investment, finance, compliance, human resources and investor relations. They work closely with me to implement ESG practices at the REIT's properties. Through the combined knowledge and resources of the Manager and the larger Keppel Capital group, we seek to make a stronger collective impact.

In addition, we have improved the scope of our reporting and formalised targets that will further guide us on our sustainability journey over the next few years. We have also adjusted our reporting methodology for health and safety as well as human resource matters, which are detailed in the respective sections of this Report.

Responsibility to our business, people and the community

Keppel REIT adopts a proactive approach to sustainability, guided by the three prongs of sustaining growth in our business, empowering the lives of our people and nurturing communities wherever we operate.

As a responsible corporate citizen, the Manager strives to minimise the environmental impact of the buildings it manages. I am proud to report that, as of 31 December 2017, Keppel REIT is the only REIT that has all its Singapore assets certified Platinum under the Building and Construction Authority's Green Mark Scheme. The majority of our buildings in Australia have achieved 5 Stars NABERS Energy rating.

The green features and energy saving initiatives that we implemented at our buildings have reduced our carbon emissions by 2,250 tonnes in 2017 compared to 2016, which is equivalent to the carbon emissions from 77 average Singaporean households in one year. Over the same period, our buildings have also achieved water savings of almost 14,000 m^3, which is equivalent to about five Olympic sized swimming pools.

Keppel REIT is committed to contributing to the community and creating a positive impact wherever it operates. In 2017, together with Keppel Capital, we dedicated over 700 hours of community service to our adopted beneficiary, the Muscular Dystrophy Association of Singapore (MDAS). Separately, the Grant-a-Wish charity initiative saw staff of the Manager and tenants of Ocean Financial Centre and Bugis Junction Towers fulfill wishes of children from needy families over the year-end festive period.

Our sustainability efforts have yielded encouraging results. In the Global Real Estate Sustainability Benchmark's (GRESB) annual assessment of property companies' sustainability and environmental performance, Keppel REIT emerged 2nd among 13 Asian listed office entities, and 3rd among 52 Asian listed companies in 2017.

These accolades would not have been possible without the support and contributions of our stakeholders, including Unitholders, tenants, employees, business partners, as well as the wider community, whom we continue to actively engage. We look forward to working closely with all stakeholders to further enhance our sustainability efforts and together, shape a sustainable future for generations to come.

Yours sincerely,

Tan Swee Yiow
Chief Executive Officer
20 February 2018

About this Report

1.
The Manager incorporates thoughtful eco-features in its developments. Pictured here is the urban farm at Bugis Junction Towers.

Keppel REIT Management Limited, the Manager of Keppel REIT, affirms its commitment to sustainability with the publication of this Sustainability Report 2017 (the Report). The Report demonstrates the Manager's commitment and efforts towards continual engagement of its stakeholders, which include employees, investors, tenants, regulatory authorities, business partners and the local communities. Through the Report, stakeholders are updated on the Manager's efforts in managing the impact of key environmental, social and governance (ESG) issues, as well as community engagements which form part of the REIT's Corporate Social Responsibility initiatives.

Global Reporting Initiative

This Report is prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option.

Reporting Period and Scope

This is Keppel REIT's ninth Sustainability Report, and the second to be aligned with the GRI guidelines. This Report is based on the financial year from 1 January to 31 December 2017 and details the Manager's approach and initiatives taken to integrate sustainability into its policies, structure and daily operations.

The Report presents the Manager's sustainability performance, as well as its strategy and practices, while highlighting the economic, environmental and social impact of the Manager's activities and developments across its properties in Singapore and Australia.

It also details the Manager's continuous efforts in stakeholder engagement and management of ESG issues. These efforts include the implementation and maintenance of high building management standards, greater transparency in governance, adopting a robust risk management framework, as well as community engagement.

Within the report, the Manager has also highlighted topics that have been identified as material to Keppel REIT's business and its key stakeholders, which are detailed in the section on Managing Sustainability.

The environmental performance data stated in this Report is based on Keppel REIT's 100% ownership of Bugis Junction Towers and its attributable interests in Ocean Financial Centre (99.9%), Marina Bay Financial Centre (33.3%), One Raffles Quay (33.3%), and the four properties in Australia (50% each). It excludes the new office tower at 311 Spencer Street in Melbourne, which is currently under construction. The data for some assets was annualised based on 11 months of data for 2017, as the full year data was not available at the time of publication of this report.

Managing Sustainability

The Manager strives to create value for Keppel REIT's stakeholders, while doing its part to protect the environment and contribute to the community. The Manager incorporates sustainable practices in the management of its properties, where feasible. This is in line with its commitment to minimise its environmental impact and reduce the carbon footprint of its properties.

Sustainability Management
The Manager seeks to achieve high standards in corporate governance and transparency to ensure the sustainability of its business, as well as safeguard the interests of Unitholders.

To reinforce its commitment towards sustainability practices, the Manager has a Sustainability Committee in place to coordinate ESG efforts across the organisation. The Committee comprises members from various functions including asset management, investment, finance, compliance, human resources and investor relations.

Keppel REIT's sustainability management framework dovetails that of the larger Keppel Group. The Manager adheres to regulations set by the Singapore Exchange (SGX) and Monetary Authority of Singapore (MAS). At the same time, it carries out its operations in accordance with internationally-recognised standards including the ISO 14001:2015 standard for environmental management, as well as the OHSAS 18001 standard for occupational health and safety management.

As part of the Keppel Group, the Manager adopts and adheres to Group policies to guide its decision-making with regards to significant ESG issues. These policies include the Keppel Group Employee Code of Conduct, Anti-Bribery and Corruption Statement, Corporate Statement on Human Rights, Whistle-Blower Policy, Insider Trading Policy and Competition Law Manual, Conflict of Interests Policy, as well as policies on environment, health and safety matters. The Manager also adheres to the Keppel Supplier Code of Conduct which was effected in end 2016. The Code aims to integrate the Keppel Group's sustainability principles across its supply chain, and positively influence the ESG practices of its suppliers. All new employees are briefed on these key policies upon joining the Manager. Online training and declaration of Group policies are conducted for all staff annually.

The Manager ensures that policies are updated and that they are communicated to the Board of Directors, management and all employees, and that training is provided, as required. In addition, policies have been put in place to govern the working relationships between the Manager and agents or other person(s) acting on behalf of the Manager and/or Keppel REIT. Such policies set out the standards of conduct to which the Manager or Keppel REIT's suppliers and their parent entities, subsidiary or affiliate entities and employees, are expected to adhere to.

Keppel REIT has a sound and robust risk management framework in place which enables the Manager to identify and mitigate business risks efficiently and effectively. Keppel REIT's economic highlights are disclosed in the Financial Review section (pages 43 to 50) of this Annual Report. The Manager did not receive any financial assistance from the Singapore and Australian governments in FY 2017.

The Manager is also committed to create a safe environment for its employees and tenants, and advocates a strong workplace safety culture. The Manager complies with all applicable legislations and requirements of the countries where it operates. The Manager is not aware of any violation of laws, regulations and voluntary codes concerning the provision, use, and customer health and safety of its products and services in 2017.

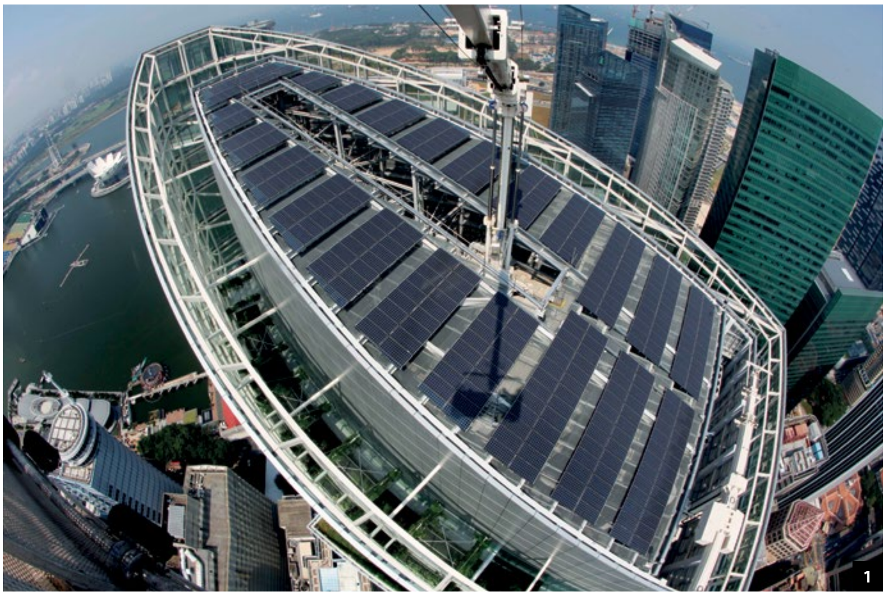
The Manager, as part of Keppel Capital, was part of a reorganisation which took place in the beginning of 2017. This included the establishment of centralised functions at Keppel Capital to support the various units, including the Manager. Employees of the Manager are considered and included as part of Keppel Capital's framework, policies and initiatives pertaining to, among others, health and safety, human resources and community outreach.

The Manager is committed to apply best practices on environmental management and health and safety in its operations and supply chain, which includes service providers and suppliers such as building consultants, electricity retailers, building material suppliers and contractors in the fields of maintenance and repair, landscaping, horticulture, cleaning, pest control, waste disposal and recycling.

These practices include encouraging the adoption of green practices at the workplace and indicating preference for service providers and suppliers that are ISO 14001- and bizSAFE-certified.

The Manager leverages the Keppel Group's various platforms to facilitate learning, as well as sharing of best practices, knowledge and experiences among employees, contractors and partners.

The Manager is also in the process of formulating an ESG policy to be shared with its suppliers and service providers.



1.
An eco-icon in the heart of Singapore's central business district, Ocean Financial Centre has myriad green features such as solar panels.

The table below identifies the key material issues for Keppel REIT, and how they are relevant throughout the lifecycle of its properties. It also details the targets set by the Manager to achieve its sustainability goals.

Key Material Issue	Target	Value Chain	Boundary	Page no.
Economic Performance	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 & External	54, 57-85
Product and Service Quality:				
Compliance	To have zero instances of violation of laws and regulations of the countries where we operate	Acquisition, Asset Management, Divestment	Internal & External	54, 67-72, 84-85
Transparency	To actively engage stakeholders via various platforms to enhance timeliness, accuracy and transparency of outreach	Acquisition, Asset Management, Divestment	Internal & External	54-56
Marketing Communication and Ethical Marketing	To communicate with all stakeholders in a timely and accurate manner	Asset Management	Internal & External	55
Customer Privacy	To act responsibly with regard to the personal data the Manager holds or which is in its control	Acquisition, Asset Management	Internal & External	55
Energy Efficiency, Reduction in greenhouse gas (GHG) Emissions and Water Consumption	Using 2010 as the base year, – To reduce energy usage intensity by 30% by 2030 – To reduce GHG emissions intensity by 30% by 2030 – To reduce water usage intensity by 60% by 2030	Acquisition, Asset Management	Internal	86-87
Climate Change and Material Use	To identify climate change risks and mitigate environmental impact through the use of renewable energy and recycled water, whenever possible	Acquisition, Asset Management	Internal	86-87
Effluents and Waste Management	To manage waste responsibly, and engage stakeholders to minimise and recycle waste through various means	Acquisition, Asset Management	Internal	86-87
Safety and Health	To achieve a zero-fatality workplace	Acquisition, Asset Management	Internal	88-89
Labour Practices and Employment (including employee engagement, training and education, and non-discrimination)	To increase average training hours	Acquisition, Asset Management, Divestment	Internal	90-91
Community Development and Engagement	To engage and contribute to the local communities to mitigate the impact of Keppel REIT's operations on the built environment	Asset Management, Divestment	External	92-93

Material Issues

In April 2016, the Manager identified key material issues through a Materiality Assessment workshop organised by an independent consultant, with involvement from senior management and representatives from all functions. Comments and feedback from external stakeholders such as investors, tenants and business partners were considered in the identification of the key material issues.

Ethical Marketing & Customer Privacy

Keppel REIT places great emphasis on ethical marketing communication and customer privacy. In line with the Keppel Group, the Manager abides by the Singapore Code of Advertising Practice by the Advertising Standards Authority of Singapore and Code of Practice for Safeguarding Information which reflects the Manager's commitment to conduct its business in accordance with the highest ethical and legal standards.

Stakeholder Engagement

The Manager recognises that regular engagement with key stakeholders is crucial for the sustainability of the REIT's business.

Keppel REIT's stakeholder engagement framework is developed in accordance with international standards, including GRI Standards and the AccountAbility AA1000 Stakeholder Engagement Standard, whereby stakeholders are defined to be individuals, groups of individuals or organisations that affect and/or could be affected by the Manager's activities and associated performance.

The Manager conducts regular tenant satisfaction surveys to assess its performance and gather feedback on areas for improvement. These surveys are carried out internally as well as by independent third parties through online and face-to-face interviews, and grade tenant satisfaction in key areas. The 2017 survey conducted for the Singapore properties showed that tenant satisfaction levels remained high and exceeded industry average.

Strategic Memberships

Keppel REIT is among the founding members of the REIT Association of Singapore (REITAS), which promotes growth and development of the Singapore REIT industry. Through Keppel Capital, the Manager is also part of the Investor Relations Professional Association of Singapore (IRPAS) that contributes to the overall standards of enhancing investor engagement efforts.

The Keppel Group supports the Securities Investors Association (Singapore) (SIAS) in its initiatives to promote good corporate governance and empower the investment community through investor education.

Managing Sustainability

The Manager recognises the importance of engaging the following stakeholder groups in achieving its sustainability goals:

Employees

The Manager is committed to nurture a motivated, skilled and competent workforce.

Key Topics
Developing employees to their fullest potential; harnessing innovation in personal and professional growth.

Approach
Career development; employee welfare; employee engagement.

Investors

The Manager adopts industry best practices to provide Unitholders with timely information to make well-informed investment decisions.

Key Topics
Business strategy; updates on financial performance and business operations; industry developments and market outlook.

Approach
Media releases and SGX announcements; general meetings; half- and full-year results briefings; quarterly post-results meetings; one-on-one meetings; conference calls; industry conferences and roadshows; site visits.

Tenants

Keppel REIT attracts and retains tenants through providing quality office spaces while encouraging sustainable business practices.

Key Topics
Energy-efficient, high-quality buildings; well-managed, pleasant and safe work environments; prompt and positive customer experiences.

Approach
Quality and efficient property management; proactive tenant management through tenant engagement activities and regular meetings; efficient feedback channels and tenant satisfaction surveys.

Regulatory Authorities

The Manager adheres to the regulations of the relevant regulatory bodies in Singapore, including SGX, MAS and Inland Revenue Authority of Singapore (IRAS).

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

Approach
Adoption of the Code of Corporate Governance 2012 as the benchmark for policies and practices; compliance with the applicable provisions of the Companies Act, the Securities and Futures Act and all relevant legislation of Singapore, the Listing Manual of SGX, the Code of Collective Investment Schemes issued by MAS, and the tax rulings by IRAS.

Business Partners

The Manager develops strong and effective strategic relationships with its business partners through sharing of best practices and knowledge.

Key Topics
Compliance; commitment towards safety and health; environmental responsibility.

Approach
Regular meetings with business partners including external property managers, key subcontractors and suppliers.

Local Communities

As a responsible corporate citizen, the Manager is committed to giving back to the less-privileged, as well as encourage further growth of the REIT sector.

Key Topics
Community engagement; sharing industry insights and knowledge.

Approach
Supporting causes; community outreach activities; promoting arts-related activities and performances; participation in industry events and/or talks.

Corporate Governance

The Manager is committed to uphold high standards of corporate governance and transparency.

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

The Manager of Keppel REIT
The Manager has general powers of management over the assets of Keppel REIT. The Manager's main responsibility is to manage the assets and liabilities of Keppel REIT for the benefit of Unitholders. The Manager manages the assets of Keppel REIT with a focus on generating rental income and returns from the investments of Keppel REIT, 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, divestments and enhancement of Keppel REIT's portfolio of assets, in accordance with its investment strategy. The research, analysis and evaluation procedures required to achieve this are 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 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 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, coordination 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-ST"), the Code on Collective Investment Schemes (including the Property Funds Appendix) (the "CIS Code") 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 communication with Unitholders; and
8. supervising the property managers which perform the 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.

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The Annual General Meeting is an effective platform for the Board to engage with Unitholders.

Corporate Governance

Keppel REIT, constituted as a trust, is externally managed and therefore has no personnel of its own. The Manager has 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 and a Second Amending and Restating Deed dated 23 March 2016 (collectively, the "Trust Deed"). The Trust Deed outlines certain circumstances under which the Manager can be removed by notice in writing given by the Trustee in favour of a corporation appointed by the Trustee, upon the occurrence of certain events, including if the Unitholders by a resolution duly proposed and passed by a simple majority of Unitholders present and voting at a meeting of Unitholders, with no Unitholder (including the Manager) being disenfranchised, vote to remove the Manager.

The Board's Conduct of Affairs

Principle 1:

Effective Board to lead and control the company

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

The principal functions of the Board are to:

(i) decide on matters in relation to Keppel REIT's and the Manager's activities which are significant in nature, including decisions on strategic directions and guidelines, as well as the approval of periodic plans and major investments and divestments;

(ii) oversee the business and affairs of Keppel REIT and the Manager, establish, with management, the strategies and financial objectives to be implemented by management, and monitor the performance of management;

(iii) oversee processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance, and satisfy itself as to the adequacy of such processes; and

(iv) assume responsibility for corporate governance.

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

To assist the Board in the discharge of its oversight function, the Audit and Risk Committee ("ARC") and the Nominating and Remuneration Committee ("NRC") have been constituted with clear written terms of reference. The Board committees play an important role in ensuring good corporate governance. The responsibilities of the Board committees are disclosed in the Appendix hereto.

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

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

The number of Board and Board committee meetings held in FY 2017, as well as the attendance of each Board member at these meetings, are disclosed in the following table:

Director	**Board Meetings**	**Audit and Risk Committee Meetings**	**Nominating and Remuneration Committee Meetings**
Mrs Penny Goh	9	–	4
Mr Tan Swee Yiow *(appointed w.e.f 20 March 2017)*	4/4	–	–
Mr Lee Chiang Huat	9	4	–
Mr Daniel Chan Choong Seng	9	4	–
Mr Lor Bak Liang	9	4	1/1
Ms Christina Tan Hua Mui	8	–	4
Mr Alan Rupert Nisbet *(appointed w.e.f 1 October 2017)*	1/1	–	–
Dr Chin Wei-Li, Audrey Marie *(resigned w.e.f 22 April 2017)*	6/6	–	3/3
Mr Tan Chin Hwee *(resigned w.e.f 1 July 2017)*	3/6	2/2	–
Professor Tan Cheng Han *(resigned w.e.f 1 July 2017)*	5/6	–	4
Mr Ang Wee Gee *(resigned w.e.f 31 December 2017)*	8	–	3/3
No. of Meetings held in FY 2017	**9**	**4**	**4**

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 of the Board or the relevant Board committee of his or her views and comments on the matters to be discussed so that they can be conveyed to other participants present at the meeting.

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

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

Board Composition and Guidance

Principle 2:

Strong and independent element on the Board

The Board consists of seven members, five of whom are non-executive independent Directors.

The Board determines on an annual basis, taking into account the views of the NRC, whether or not a Director is independent, bearing in mind the 2012 Code's definition of an "independent director" and guidance as to relationships the existence of which would deem a Director not to be independent, as well as the enhancements to independence requirements announced by MAS on 2 July 2015 (the "Enhanced Independence Requirements").

Under the 2012 Code, a Director who has no relationship with the Manager, its related companies, its 10% shareholders/Unitholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgment in the best interests of Keppel REIT, is considered to be independent. In addition, under the Enhanced Independence Requirements, an independent Director is one who:

(i) is independent from any management and business relationship with the Manager and Keppel REIT;
(ii) is independent from any substantial shareholder of the Manager and any substantial unitholder of Keppel REIT; and
(iii) has not served on the Board for a continuous period of 9 years or longer.

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

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

The NRC is satisfied that the Board and its Board committees comprise Directors who, as a group, provide an appropriate balance and diversity of skills, experience, gender and knowledge, as well as core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge required for the Board and Board committees to be effective. In this respect, the NRC recognises the merits of gender diversity in relation to the composition of the Board and, in identifying candidates for new appointment to the Board, would consider suitable female candidates. Having said that, gender is but one aspect of diversity and new Directors will continue to be selected based on objective criteria set out as part of the process for appointment of new Directors and Board succession planning. As of 31 December 2017, there were two female Directors out of a total of seven Directors on the Board.

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

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

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

The Board and management fully appreciate that fundamental to good corporate governance is an effective and robust Board whose members engage in open and constructive debate and challenge management on its assumptions and proposals. For this to happen, the Board, in particular, the non-executive Directors, are kept well-informed of Keppel REIT's and the Manager's business and affairs and are knowledgeable about the industry in which the businesses operate. For the current financial year, the non-executive Directors have constructively challenged and helped to develop proposals on strategy and reviewed the performance of management. They have unrestricted access to management, and have sufficient time and resources to discharge their oversight function effectively. Time is also set aside at the end of every Board meeting for closed-door discussions between the non-executive Directors without the presence of management.

Chairman and Chief Executive Officer

Principle 3:

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

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

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

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

Corporate Governance

The Chairman ensures effective communication with Unitholders. She also takes a leading role in promoting high standards of corporate governance with the full support of the Directors and management.

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

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

Board Membership

Principle 4:

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

Nominating and Remuneration Committee

The Manager has established the NRC to, among other things, make recommendations to the Board on all Board appointments. The NRC comprises three Directors, the majority of whom, including the Chairman of the NRC, are independent; namely:

Mrs Penny Goh	Chairman
Ms Christina Tan Hua Mui	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 is any inadequate representation in respect of those attributes and if so, prepares a description of the role and the essential and desirable competencies for a particular appointment;
(c) 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 recommendation of the NRC based on the following objective criteria:

(1) integrity;
(2) independent mindedness;
(3) diversity – possess core competencies that meet the current needs of Keppel REIT and the Manager and complement the skills and competencies of the existing Directors;
(4) ability to commit time and effort to carry out duties and responsibilities effectively – proposed Director should not have more than six listed company board representations and other principal commitments;
(5) track record of making good decisions;
(6) experience in high-performing corporations or property funds; and
(7) financially literate.

Endorsement by Unitholders of appointment of Directors

Keppel 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 Board, at any time) to procure the Manager to seek Unitholders' endorsement for his or her appointment as a Director at the next AGM immediately following his or her 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 or her appointment was sought, to resign or otherwise be removed from the Board either (1) within 21 days from the date of the relevant general meeting or (2) 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 rule of the SGX-ST) and the Manager's Constitution.

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 Mr Alan Rupert Nisbet was appointed as Director on 1 October 2017, the Manager is seeking the endorsement for his appointment at the AGM to be held in 2018.

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.

Review of Directors' independence

The NRC is also charged with reviewing the "independence" status of the Directors annually and providing its views to the Board. Please refer to page 59 on the basis of the determination as to whether a Director should or should not be deemed independent. In this regard and taking into account the views of the NRC, the Board has determined that:

(i) Mr Lor Bak Liang is independent from management and business relationships with the Manager and Keppel REIT, and independent from every substantial shareholder of the Manager and substantial unitholder of Keppel REIT;

(ii) Mr Lee Chiang Huat shall nonetheless 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 (1) that Mr Lee serves as an independent non-executive director of Keppel DC REIT Management Pte Ltd (the manager of Keppel DC REIT), (2) Mr Lee having declared that 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 (3) 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's independent judgment and ability to act in the interests of all the unitholders of Keppel REIT as a whole will not be impeded;

(iii) Mr Daniel Chan Choong Seng shall nonetheless be considered independent notwithstanding that he is the Managing Director and shareholder of DCG Capital Pte Ltd ("DCG Capital") which manages a fund which Keppel Corporation, through one of its wholly-owned subsidiaries, was previously invested in. As of 1 July 2017, the account has been closed. Taking into consideration (1) Mr Chan having declared that (a) DCG Capital is a licensed fund manager regulated by MAS and its services to Keppel Corporation do not involve Keppel REIT, (b) the fees which DCG Capital received from Keppel Corporation is less than 10% in relation to DCG Capital's overall revenue, and (c) he does not regard the past business relationship which DCG Capital has with Keppel Corporation 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, and (2) the instances of constructive challenge and probing of management by Mr Chan at the Board and the Board committee meetings of the Manager, the Board is satisfied that Mr Chan's independent judgment and ability to act in the interests of all the unitholders of Keppel REIT as a whole will not be impeded;

(iv) Mrs Penny Goh shall nonetheless be considered independent notwithstanding that she is Co-Chairman and Senior Partner of Allen & Gledhill LLP ("A&G") which is one of the Singapore law firms providing legal services to Keppel REIT and the Keppel Group. Taking into consideration (1) Mrs Goh having declared that (a) she does not hold a substantial partnership interest in A&G and the legal fees which A&G receives from Keppel Group are insubstantial in relation to A&G's overall revenue, (b) in relation to A&G's legal work for Keppel REIT, she does not personally represent Keppel REIT in such transactions, and (c) she does not regard the business relationship which A&G has with Keppel REIT and the Keppel Group as something which could interfere with or be reasonably regarded as interfering with her 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, and (2) the instances of constructive challenge and probing of management by Mrs Goh at the Board and the Board committee meetings of the Manager, the Board is satisfied that Mrs Goh's independent judgment and ability to act in the interests of all the unitholders of Keppel REIT as a whole will not be impeded;

(v) Mr Alan Rupert Nisbet shall nonetheless 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 a subsidiary of the substantial shareholder of the Manager and substantial unitholder of Keppel REIT, namely Temasek Holdings (Private) Limited ("Temasek"). Taking into consideration (1) 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 (2) the instances of constructive challenge and probing of management by Mr Nisbet at the Board meeting of the Manager, the Board is satisfied that Mr Nisbet's independent judgment and ability to act in the interests of all the Unitholders of Keppel REIT as a whole will not be impeded;

(vi) Mr Tan Swee Yiow is not considered independent as he is the CEO and Executive Director of the Manager; and

(vii) Ms Christina Tan Hua Mui is not considered independent from Keppel Corporation. Ms Tan is the Chief Executive Officer of Keppel Capital, a related corporation of Keppel Corporation.

Annual review of Directors' time commitments

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

Corporate Governance

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

Key information regarding Directors

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

Pages 13 to 15: Academic and professional qualifications, Board committees 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, and whether considered by the NRC to be independent; and

Page 157: Unitholdings in Keppel REIT as at 21 January 2018.

Board Performance

Principle 5:

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

The Board has implemented formal processes 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.

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 its Directors.

The evaluation processes and performance criteria are set out in the Appendix hereto.

The Board assessment exercise provided an opportunity to obtain constructive feedback from each Director on whether the Board's procedures and processes allow him or her to discharge his or her 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.

Access To Information

Principle 6:

Board members to have complete, adequate and timely information

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

As a general rule, Board papers are required to be sent to Directors at least seven days before each Board meeting. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed prior to the meeting. Members of the management team who can provide additional insight into the matters at hand would be present at the relevant time during the Board meeting. The Board has separate and independent access to the Manager's senior management for further clarification if required.

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

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

The Directors have separate and independent access to both company secretaries of the Manager. The company secretaries assist the Chairman in ensuring that Board procedures (including but not limited to assisting the Chairman to ensure the timely and good information flow to the Board and the Board committees, and between senior management and the Directors) are followed and that the Manager's Constitution and relevant rules and regulations are complied with. At least one of the two company secretaries

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Regular, timely and effective communication and engagement with Unitholders is critical to the success of the Manager.

attends all Board meetings and prepares minutes of the Board proceedings. The appointment and removal of each of the company secretaries are subject to the approval of the Board as a whole.

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

Remuneration Matters

Principle 7:

The procedure for developing policy on executive remuneration and for fixing remuneration packages of individual directors should be formal and transparent

Principle 8:

The level and structure of director fees are aligned with the long-term interest of the company and appropriate to attract, retain and motivate directors to provide good stewardship of the company

The level and structure of key management remuneration are aligned with the long-term interest and risk policies of the company and appropriate to attract, retain and motivate key management to successfully manage the company

Principle 9:

There should be clear disclosure of remuneration policies, level and mix of remuneration, and procedure for setting remuneration

The composition of the NRC has been set out under Principle 4 on page 60. 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 2017, the NRC sought views on market practice and trends from 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 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 in 2017.

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, a revised Directors' fee structure was developed to include 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 90% of his/her total Directors' fees in cash and 10% in the form of Units in Keppel REIT. The Directors' fees for Ms Christina Tan Hua Mui and Mr Ang Wee Gee will be paid in cash to Keppel Capital and Keppel Land Limited 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.

The framework for determining the Directors' fees is shown in the table below:

Main Board	Chairman	$150,000 per annum[1]
	Director	$60,000 per annum
Audit and Risk Committee	Chairman	$42,500 per annum
	Member	$25,000 per annum
Nominating and Remuneration Committee	Chairman	$25,000 per annum
	Member	$15,000 per annum

[1] All-in fee for Main Board Chairman.

Corporate Governance

In 2016/2017, the NRC undertook a comprehensive review of the total remuneration structure. With the assistance of Aon Hewitt, the NRC revised the total remuneration structure reflecting 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
(d) Synergy: To facilitate talent mobility and enhance collaboration across businesses

The revised 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 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 their 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. 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 the 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 and Business Drivers;
        (ii) Process;
        (iii) 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;
    (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 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 2017.

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 S$250,000, and is not disclosing the aggregate total remuneration paid to the top five key management personnel (who are not Directors or the CEO). 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 63 to 66.

Level and mix of remuneration of Directors and Key Management Personnel for the year ended 31 December 2017

The level and mix of each of the Directors' remuneration (other than the CEO) are set out below:

Name of Director	Base/Fixed Salary	Variable or performance-related income/bonuses	Directors' Fees[1] ($)	Benefits-in-Kind
Mrs Penny Goh[2]	–	–	130,068	–
Mr Lee Chiang Huat	–	–	102,500	–
Mr Daniel Chan Choong Seng	–	–	85,000	–
Mr Lor Bak Liang[3]	–	–	97,575	–
Ms Christina Tan Hua Mui	–	–	75,000	–
Mr Alan Rupert Nisbet[4]	–	–	15,123	–
Dr Chin Wei-Li, Audrey Marie[5]	–	–	48,041	–
Mr Tan Chin Hwee[6]	–	–	42,150	–
Professor Tan Cheng Han[7]	–	–	42,150	–
Mr Ang Wee Gee[8]	–	–	62,425	–

1 Each of the Directors (other than Ms Christina Tan Hua Mui and Mr Ang Wee Gee) will receive 90% of his/her total Directors' fee in cash and the balance 10% in the form of Units in Keppel REIT. The Directors' fees for Ms Tan and Mr Ang will be paid in cash to Keppel Capital and Keppel Land Limited respectively.
2 Mrs Penny Goh was appointed as Chairman of the Board and Chairman of the NRC with effect from 22 April 2017 and 1 July 2017 respectively.
3 Mr Lor Bak Liang was appointed a member of the NRC with effect from 1 March 2017.
4 Mr Alan Rupert Nisbet was appointed a member of the Board with effect from 1 October 2017.
5 Dr Chin Wei-Li, Audrey Marie ceased to be the Chairman of the Board and a member of the NRC with effect from 22 April 2017 and 1 March 2017 respectively.
6 Mr Tan Chin Hwee ceased to be a member of the Board and the ARC with effect from 1 July 2017.
7 Professor Tan Cheng Han ceased to be a member of the Board and the Chairman of the NRC with effect from 1 July 2017.
8 Mr Ang Wee Gee ceased to be a member of the Board and the NRC with effect from 31 December 2017 and 1 March 2017 respectively.

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/shares		
				PUP[3]	RUP[3]	PSP-TIP[4,5]
Above $1,500,000 to $1,750,000						
Mr Tan Swee Yiow[6]	34%	21%	n.m.[7]	19%	21%	5%
Above $250,000 to $500,000						
Mr Toh Wah San	64%	22%	n.m.[7]	–	14%	–
Mr Kelvin Chow Chung Yip	66%	26%	n.m.[7]	–	8%	–
Mr Wong Cho Wai	66%	26%	n.m.[7]	–	8%	–

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 FY2017 were met.
3 Units awarded under the PUP are subject to pre-determined performance targets set over a three-year performance period. As at 28 April 2017 (being the grant date), the estimated value of each Unit granted in respect of the contingent awards under the PUP was $1.06. As at 23 February 2018 (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 $1.14. 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 The PSP-TIP is a transformation incentive plan under the Keppel Corporation Limited ("KCL") Performance Share Plan ("PSP") scheme with a five-year performance period (subject to a further year extension if the KCL Remuneration Committee concludes that such an extended performance period would be a fairer measure of performance) and are subject to pre-determined stretched performance targets set by KCL Board for 2021. The plan seeks to motivate and reward the executives towards a successful transformation of Keppel Group's business. Executives will only benefit from the plan if Keppel Group meets the pre-determined stretched financial and non-financial targets, and if the executives meet or exceed their individual performance targets. As at 28 April 2017 (being the grant date), the estimated value of each KCL share granted in respect of the contingent award under the PSP-TIP was $0.87. The figures are based on the value of the KCL shares 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.
5 After taking into consideration that (1) Mr Tan Swee Yiow remains remunerated through the remuneration policy of the Manager where the performance-related bonuses and long term incentive awards under the PUP and RUP are based on the results achieved by Keppel REIT and Mr Tan's performance is assessed by the NRC of the Manager; (2) the potential advantages to Keppel REIT of a successful transformation of Keppel Group's business entailing broader collaboration within the Keppel Group of companies with the aim of producing benefits such as (i) enhancing talent pipeline, providing broader exposure and capabilities development for employees; (ii) achieving economies of scale through collective bargaining; and (iii) the building of an innovative culture through sharing of ideas and networks; and (3) the immateriality of the KCL PSP-TIP vis-à-vis the other pay components that form the total remuneration of Mr Tan, the NRC was satisfied that any potential conflict of interest in relation to the CEO having been granted an award under the KCL PSP-TIP is mitigated.
6 Mr Tan Swee Yiow was appointed as the CEO on 20 March 2017, on secondment from KCL to the Manager. The remuneration disclosed is on an annualised basis.
7 "n.m" means not material.

Corporate Governance

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 Immediate Family Members of a Director or the Chief Executive Officer

No employee of the Manager was an immediate family member of a Director or the CEO and whose remuneration exceeded $50,000 during the financial year ended 31 December 2017. "Immediate family member" refers to the spouse, child, adopted child, step-child, brother, sister and parent.

Accountability and Audit

Principle 10:

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

Principle 12:

Establishment of Audit Committee with written terms of reference

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

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

Audit and Risk Committee

The Audit and Risk Committee ("ARC") has been appointed by the Board from among the Directors of the Manager and comprises four non-executive Directors, all of whom (including the Chairman of the ARC) are independent Directors. The Chairman of the ARC is Mr Lee Chiang Huat and the members are Mr Daniel Chan Choong Seng, 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 sound internal control systems are 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 cooperation 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 functions are performed by Keppel Corporation's Group Internal Audit department ("Group Internal Audit"). Group Internal Audit, together with the external auditor, report their findings and recommendations independently to the ARC.

A total of four ARC meetings were held in 2017. In addition, the ARC met with the external auditor and internal auditor at least 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, mid- 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 services fees paid to them, and has confirmed that the non-audit services performed by the external auditor would not affect their independence.

For FY 2017, an aggregate amount of $284,000, comprising non-audit service fees of $9,000 and audit service fees of $275,000, was paid/payable to the external auditor of Keppel REIT and its subsidiaries.

Taking cognisance 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 2017. 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 audit independence. The ARC also considered the nature of the provision of the non-audit services in 2017 and the corresponding fees and ensured that the fees for such non-audit services did not impair or threaten the audit 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 SGX Listing Manual in relation to the appointment of its auditing firms.

The ARC also reviewed the independence and performance of the internal audit function and was satisfied that the internal auditor was independent, adequately resourced to perform 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 in pages 74 and 75 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.

Risk Management and Internal Controls

Principle 11:

Sound system of risk management and internal controls

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

Risk Assessment and Management of Business Risk

Recognising and managing risks timely and effectively 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 experienced and well-qualified management to handle its day-to-day operations.

1.
The investing community is regularly kept abreast of the Manager's progress.

Corporate Governance

The Board met nine times in FY 2017. 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 in risk management. In assessing business risk, the Board takes into consideration the economic environment and the risks relevant to the property industry. The Manager has implemented a systematic risk assessment process to identify business risks and mitigating actions. 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 in pages 84 and 85 of this Annual Report. The Manager is guided by a set of Risk Tolerance Guiding Principles ("Guiding Principles"), details of which are disclosed in page 84 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 Assessment Framework identifies 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.

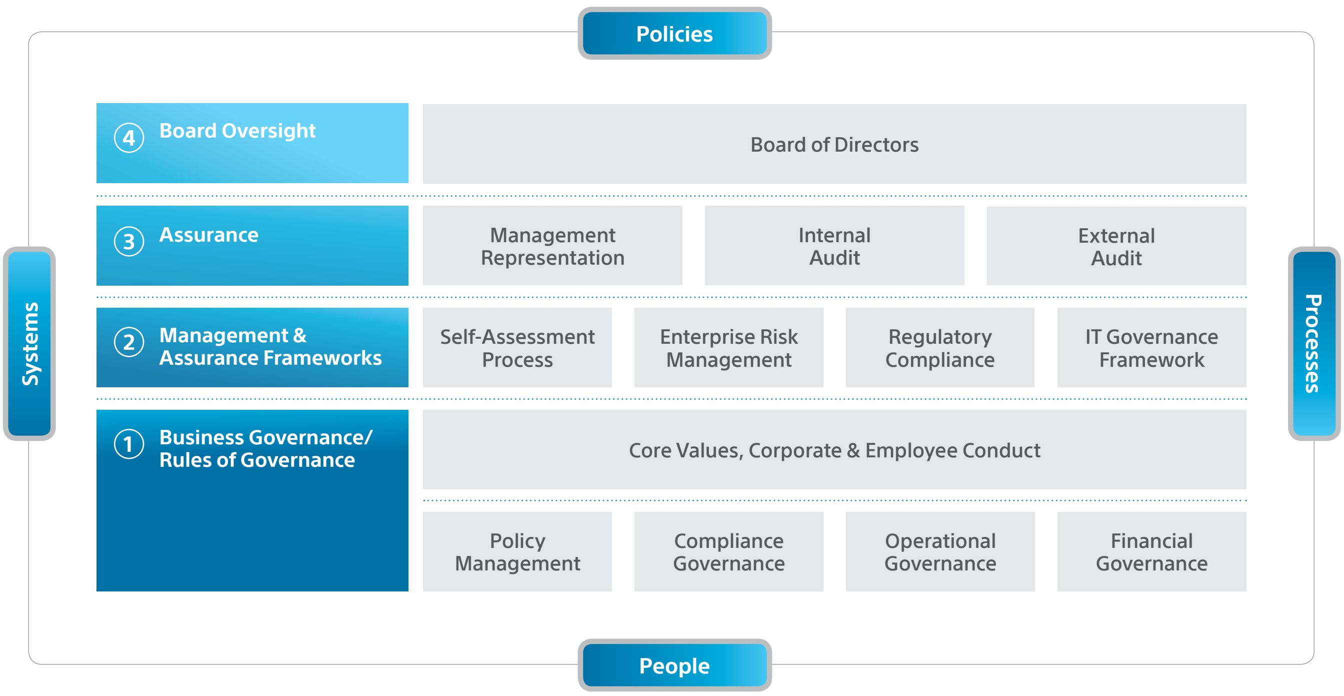
Independent Review of Internal Controls

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 failures 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 "Framework") outlining Keppel REIT's and the Manager's internal control and risk management processes and procedures. The 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 respective regulatory compliance management committees and working teams chaired by business owners. Employees are also guided by the Manager's core values and are expected to comply strictly with the Employee Code of Conduct.

Keppel REIT's System of Management Controls



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 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 Tan Swee Yiow, and the CFO, Mr Kelvin Chow Chung Yip, 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 Framework, the internal controls and risk management policies and procedures established and maintained by Keppel REIT and 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, taking into account the nature, scale and complexity of Keppel REIT's and the Manager's operations, as at 31 December 2017, Keppel REIT's and the Manager's internal controls and risk management system are adequate and effective in addressing 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

Principle 13:

Adequately resourced and independent internal audit function

The internal audit function of Keppel REIT and the Manager is performed by Keppel Corporation's Group Internal Audit. Group Internal Audit was appointed as the internal auditor in February 2006.

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

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

Group Internal Audit is guided by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors ("IIA"). These standards consist of attribute and performance standards. External quality assessment reviews are carried out at least once every five years by qualified professionals, with the last assessment conducted in 2016, and the results re-affirmed that the internal audit activity conforms to those standards. The professional competence of Group Internal Audit is maintained through its continuing professional development programme for its staff which includes sending auditors to attend professional courses conducted by external accredited organisations to enhance their knowledge on auditing techniques, as well as auditing and accounting pronouncements.

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

Unitholder Rights and Responsibilities, Communication with Unitholders and Conduct of Unitholder Meetings

Principle 14:

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

Principle 15:

Regular, effective and fair communication with Unitholders

Principle 16:

Greater Unitholder participation at Annual General Meetings

In addition to the matters mentioned above in relation to "Access to Information/Accountability", the Manager regularly communicates with Unitholders and receives and attends to their queries. In 2017, the Manager engaged a total of 257 local and foreign investors and analysts in meetings, conferences, post-results engagements and site visits in Singapore, Kuala Lumpur, Hong Kong, Tokyo, Seoul and Sydney. More details of the Manager's investor relations activities and efforts are set out in pages 19 to 21 of this Annual Report.

Corporate Governance

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

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

The Manager has in place an Investor Relations Policy which sets out the principles and practices that the Manager applies 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. The policy is reviewed regularly to ensure relevance and effectiveness.

Unitholders are informed of Unitholders' meetings through 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. Each resolution at the AGM will be voted on by way of electronic poll voting for Unitholders/proxies present at the Unitholders' meetings for all the resolutions proposed at the Unitholders' meetings. An announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages will be made after each poll is conducted. The total number of votes cast for or against each resolution and the respective percentages are also announced in a timely manner after the Unitholders' meetings through the SGX-ST 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 to address 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 available to Unitholders upon request.

Securities Transactions

Insider Trading Policy

The Manager has a formal Insider Trading Policy on dealings in the securities of Keppel REIT which sets out the implications of insider trading and guidance on such dealings. Such policy has been distributed to the Manager's Directors and officers. The Manager has also adopted the best practices on securities dealings issued by the SGX-ST. In compliance with Rule 1207(19) of the SGX 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

1.
Unitholders have the opportunity to engage the Board and management on matters relating to Keppel REIT's strategy and performance at the Annual General Meetings.

that they should not deal in Keppel REIT's securities on short-term considerations.

Conflicts of Interests

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

(1) the Manager will not manage any other real estate investment trust which invests in the same types of properties as Keppel REIT, without prior approval from the relevant authorities;
(2) all resolutions in writing of the Directors of the Manager in relation to matters concerning Keppel REIT and its Interested Parties (meaning any "interested person" as defined in the SGX Listing Manual) and/or, as the case may be, an "interested party" (as defined in the Property Funds Appendix) ("Interested Party") must be approved by a majority of the Directors, including at least one independent Director and the nominees of the Interested Party on the Board shall abstain from voting;
(3) at least half of the Board shall comprise independent Directors;
(4) all matters relating to Interested Party transactions will follow the procedures set out in the section headed "Interested Party Transactions" of this Annual Report; and
(5) in respect of matters in which Keppel Corporation and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by Keppel Corporation and/or its subsidiaries to the Board to represent its interests shall abstain from voting. In such matters, the quorum shall comprise a majority of the independent Directors of the Manager and shall exclude such nominee Directors of Keppel Corporation and/or its subsidiaries.

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

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

Employee Code of Conduct

The Manager has in place an Employee Code of Conduct which establishes a culture of high integrity as well as reinforces ethical business practices.

This policy addresses, at the employee level, the standards of acceptable and unacceptable behaviour and personal decorum as well as issues of workplace harassment. On the business front, the policy addresses the standards of ethical 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 Directors and employees 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 policies and measures are also set out to protect the business, resources and reputation of the Manager and Keppel REIT. Employees of the Manager must under no circumstances offer, promise, give or authorise the giving, directly or indirectly, or through third parties, of any bribe, kickback, illicit payment, benefit-in-kind or any other advantage to any government official or government entity, private sector customer, supplier, contractor or any other person or entity, as an inducement or reward for an improper performance or non-performance of a function or activity. Similarly, employees of the Manager must not under any circumstances solicit or accept, directly or indirectly, any bribe, kickback, illicit payment, benefit in kind or any other advantage from any government official or government entity, customer, supplier, contractor or any other person or entity that is intended to induce or reward an improper performance or non-performance of a function or activity.

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

Interested Party Transactions

The Manager's Internal Control System

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

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

Further, the following procedures are undertaken:

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Interested Party during the same financial year) equal to or exceeding $100,000 in value but below 3.0% of the value of Keppel REIT's net tangible assets will be subject to review by the ARC at regular intervals;

Corporate Governance

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Interested Party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of Keppel REIT's net tangible assets will be subject to the review and approval of the ARC. Such approval shall only be given if the transactions are on normal commercial terms and are consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager; and
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Interested Party during the same financial year) equal to or exceeding 5.0% of the value of Keppel REIT's net tangible assets will be reviewed and approved, on the basis described in the preceding paragraph, by the ARC which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Further, under the rules of the SGX Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of Unitholders.

Where matters concerning Keppel REIT relate to transactions entered into or to be entered into by the Trustee for and on behalf of Keppel REIT with an Interested Party of the Manager of Keppel REIT, the Trustee is required to consider the terms of such transactions to satisfy itself that such transactions are conducted on normal commercial terms, are not prejudicial to the interests of Keppel REIT and the Unitholders, and in accordance with all applicable requirements of the Property Funds Appendix and/or the SGX Listing Manual relating to the transaction in question. Further, the Trustee has the ultimate discretion under the Trust Deed to decide whether or not to enter into a transaction involving an Interested Party of Keppel REIT or of the Manager. If the Trustee is to sign any contract with an Interested Party of the Manager or of Keppel REIT, the Trustee will review the contract to ensure that it complies with the requirements relating to Interested Party transactions in the Property Funds Appendix (as may be amended from time to time) and the provisions of the SGX Listing Manual relating to interested person transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX to apply to real estate investment trusts. If the Trustee is to sign any contract with an Interested Party of the Trustee, such review will be carried out by the ARC, not the Trustee.

Keppel REIT will, in compliance with Rule 905 of the SGX Listing Manual, announce any Interested Person transaction if such transaction, by itself or when aggregated with other interested person transactions entered into with the same interested person during the same financial year, is 3.0% or more of Keppel REIT's latest audited net tangible assets.

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

Role of the Audit and Risk Committee for Interested Party Transactions

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

The Manager maintains a register to record all Interested Party transactions (and the basis, including, where practicable, the quotations obtained to support such basis on which they are entered into) which are entered into by Keppel REIT.

On a quarterly basis, management reports to the ARC the Interested Party transactions entered into by Keppel REIT. The Interested Party transactions are also reviewed by Group Internal Audit and all findings, if any, are reported during the ARC meetings. The Trustee also has the right to review such internal audit reports to ascertain that the requirements of the Property Funds Appendix have been complied with.

The ARC reviews all Interested Party transactions to ensure compliance with the internal control procedures and with the relevant provisions of the SGX 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.

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

Appendix

Board Committees – Responsibilities

A. Audit and Risk Committee

(1) Review financial statements and formal announcements relating to financial performance, and review significant financial reporting issues and judgments contained in them, for better assurance of the integrity of such statements and announcements.
(2) Review and report to the Board at least annually the adequacy and effectiveness of the Manager's and Keppel REIT's internal controls, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties).
(3) Review the audit plans and reports of the external 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 the external auditor and internal auditor annually.
(5) Review the nature and extent of non-audit services performed by the external auditor.
(6) Meet with the external auditor and internal auditor, without the presence of management, at least annually.
(7) Make recommendations to the Board on the proposals to Unitholders on the appointment, re-appointment and removal of the external 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 annually.
(9) Ensure 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, if applicable.
(11) Review the policy and arrangements by which employees of the Manager and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken.
(12) Monitor the procedures in place to ensure compliance with applicable legislation, the Listing Manual and the Code on Collective Investment Schemes (including the Property Funds Appendix).
(13) Review interested person transactions, including ensuring compliance with the provisions of the Listing Manual relating to "interested person transaction" (as defined therein) and the provisions of the Property Funds Appendix relating to "interested party transactions" (as defined therein) (both such type of transactions constituting interested party transactions).
(14) Investigate any matters within the ARC's purview, whenever it deems necessary.
(15) 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) the overall level of risk tolerance and risk policies.
(16) Review and discuss, as and when appropriate, with management the Manager's and Keppel REIT's risk governance structure and framework including risk policies, risk mitigation and monitoring processes and procedures.
(17) Receive and review quarterly reports from management on major risk exposures and the steps taken to monitor, control and mitigate such exposures.
(18) Review the Manager's capability to identify and manage new risk types.
(19) Review and monitor management's responsiveness to the risks and matters identified and recommendations of the ARC.
(20) Provide timely input to the Board on critical risk issues, material matters, findings and recommendations.
(21) Review the ARC's terms of reference annually and recommend any proposed changes to the Board.
(22) Review and report to the Board annually on the adequacy and effectiveness of the Manager's and Keppel REIT's risk management and internal controls systems, including financial, operational, compliance and information technology controls.
(23) Perform such other functions as the Board may determine.
(24) Sub-delegate any of its powers within its terms of reference as listed above from time to time as the ARC may deem fit.

B. Nominating and Remuneration Committee

(1) Recommend to the Board the appointment/re-appointment of Directors.
(2) Annual review of balance and diversity of skills, experience, gender and knowledge required by the Board, and the size of the Board which would facilitate decision-making.
(3) Annual review of independence of each Director, and to ensure that the Board comprises at least half of independent Directors.
(4) Decide, where a Director has other listed company board representations and/or other principal commitments, whether the Director is able to and has been adequately carrying out his or her duties as Director.
(5) Recommend to the Board the process for the evaluation of the performance of the Board, the Board committees and individual Directors, and propose objective performance criteria to assess the effectiveness of the Board as a whole and the contribution of each Director.
(6) Annual assessment of the effectiveness of the Board as a whole and individual Directors.
(7) Review the succession plans for the Board (in particular, the Chairman) and senior management (in particular, the CEO).
(8) Review talent development plans.
(9) Review the training and professional development programmes for Board members.
(10) Review and recommend to the Board a framework of remuneration for Board members and key management personnel, and the specific remuneration packages for each Director as well as for the key management personnel.
(11) Review the Manager's obligations arising in the event of termination of the executive Directors' and key management personnel's contracts of service, to ensure that such clauses are fair and reasonable and not overly generous.
(12) Consider whether Directors should be eligible for benefits under long-term incentive schemes (including weighing the use of share schemes against the other types of long-term incentive scheme).

Corporate Governance

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

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 report is presented to the NRC and discussed by the Board with regards to 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 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 Chairman on the report. Thereafter, the report will be presented 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, management in diversity, 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 Manager.

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/she provides valuable inputs, his/her ability to analyse, communicate and contribute to the productivity of meetings, and his/her 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/her role of Director seriously and works to further improve his/her own performance, whether he/she 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/she is available when needed, and his/her informal contribution via e-mail, telephone, written notes etc are considered); and (5) overall contribution, bearing in mind that each Director was appointed for his/her strength in certain areas which, taken together with the skill sets of the other Directors, provides the Board with the required mix of skills and competencies.

The assessment of the Chairman of the Board is based on his/her ability to lead, whether he/she established proper procedures to ensure the effective functioning of the Board, whether he/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 he/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 he/she guides discussions effectively so that there is timely resolution of issues, whether he/she ensured that meetings are conducted in a manner that facilitates open communication and meaningful participation, and whether he/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 Keppel Whistle-Blower Policy (the "Policy") was established to encourage reporting in good faith of suspected Reportable Conduct (as defined below) by establishing clearly defined processes through which such reports may be made with confidence that employees of the Manager 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:
(a) is dishonest, including but not limited to theft or misuse of the resources owned by or under the management of the Manager;
(b) is fraudulent;
(c) is corrupt;
(d) is illegal;
(e) constitutes serious improper conduct;
(f) constitutes an unsafe work practice; or
(g) constitutes 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 or she knows to be false, or without a reasonable belief in the truth and accuracy of such information, will not be protected by the Policy and may be subject to administrative and/or disciplinary action.

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

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

Reporting Mechanism

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

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

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

Investigation

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 Whistle-Blower 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.

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

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

No Reprisal

No person will be subject to any reprisal for having made a report in accordance with the Policy or having participated in the investigation. A reprisal means personal disadvantage by:
(a) dismissal;
(b) demotion;
(c) suspension;
(d) termination of employment/contract;
(e) any form of harassment or threatened harassment;
(f) discrimination; and/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 or she has cooperated as a Whistle-Blower or a witness in determining the suitable disciplinary measure to be taken against him or 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 Independent Director	–	Chairman
Mr Tan Swee Yiow	Chief Executive Officer and Executive Director	–	–
Mr Lee Chiang Huat	Independent Director	Chairman	–
Mr Daniel Chan Choong Seng *(resigning w.e.f 1 May 2018)*	Independent Director	Member	–
Mr Lor Bak Liang	Independent Director	Member	Member
Ms Christina Tan Hua Mui	Non-Executive Director	–	Member
Mr Alan Rupert Nisbet	Independent Director	Member	–

Corporate Governance

Code of Corporate Governance 2012
Guidelines for Disclosure

Guideline	Questions	How has the Company complied?
General		
	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	Yes, save in respect of the guidelines on disclosure of remuneration where, 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 (who are not Directors or the CEO).
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	The information under the Annual Remuneration Report in pages 63 to 66 of the Annual Report enables investors to understand the link between remuneration paid to Directors and key management personnel, and performance.
Board Responsibility		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	The Manager has adopted a set of internal guidelines which sets out the financial authority limits for investment/business acquisition and divestment, operating/capital expenditure, capital management, leasing, disposal and write-off of assets and corporate matters that require the approval of the Board.
Members of the Board		
Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	The Nominating and Remuneration Committee (NRC) reviews annually the balance and diversity of skills, experience, gender and knowledge required by the Board and the size of the Board which would facilitate decision making. In light of such review and in consultation with management, the NRC assesses if there is any inadequate representation in respect of any of those attributes and if so, prepares a description of the role and the essential and desirable competencies for a particular appointment.
	(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	The NRC is satisfied that the Board and Board committees comprise directors who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge, as well as core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning and customer-based experience or knowledge, required for the Board and the Board committees to be effective. In this respect, the Board recognises the merits of gender diversity in relation to the composition of the Board and, in identifying candidates for new appointment to the Board, would consider suitable female candidates. Having said that, gender is but one aspect of diversity and new Directors will continue to be selected based on objective criteria set out as part of the process for appointment of new Directors and Board succession planning. As of 31 December 2017, there were two female Directors out of a total of seven Directors on the Board.
	(c) What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	There is a process of refreshing the Board progressively. See Guideline 4.6 below on the process for nomination of new directors and Board succession planning.
Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	**For new directors** (a) The NRC reviews the balance and diversity of skills, experience, gender and knowledge required by the Board and the size of the Board which would facilitate decision-making. (b) In light of such review and in consultation with management, the NRC assesses if there is any inadequate representation in respect of those attributes and if so, prepares a description of the role and the essential and desirable competencies for a particular appointment. (c) 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 short-listed candidate(s) to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required. (e) The NRC makes recommendations to the Board for approval. **For incumbent directors** The appointment of each of the Directors is subject to endorsement and re-endorsement by Unitholders by way of an ordinary resolution at the Annual General Meetings of Unitholders. The details of the endorsement process are set out on pages 60 and 61 of the Annual Report. The NRC recommends the 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.

Code of Corporate Governance 2012
Guidelines for Disclosure

Guideline	Questions	How has the Company complied?
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why.	Yes, all new Directors undergo a comprehensive orientation programme.
	(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	All Directors are provided with continuing education in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, changes in the Companies Act and the CIS Code, and industry-related matters.
Guideline 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	Directors should not have more than six listed company board representations and/or other principal commitments. This serves as a guide and the NRC takes into account other factors in deciding on the capacity of a Director.
	(b) If a maximum number has not been determined, what are the reasons?	N.A.
	(c) What are the specific considerations in deciding on the capacity of directors?	The NRC takes into account the results of the annual assessment of the effectiveness of the individual Director, and the respective Directors' actual conduct on the Board, in determining whether a Director with other listed company board representations and/or other principal commitments is able to and has been adequately carrying out his duties as a Director of the Manager.
Board Evaluation		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	An independent third party (the "Independent Co-ordinator") was appointed to assist in collating and analysing the returns of the Board members for the annual assessment. Mr Nelson Tan, director of tax at A Tax Advisor Pte Ltd, was appointed for this role. Based on the returns from each of the Directors, the Independent Co-ordinator prepared a consolidated report and briefed the Board Chairman on the report. Thereafter, the report was presented to the NRC and discussed by the Board with regards to changes which should be made to help the Board discharge its duties more effectively. The detailed process for the conduct of the assessment is set out on page 74 of the Annual Report.
	(b) Has the Board met its performance objectives?	Yes.
Independence of Directors		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes.
Guideline 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.	Mr Lee Chiang Huat is deemed independent by the Board 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"). Mr Daniel Chan Choong Seng is deemed independent by the Board notwithstanding that he is the Managing Director and shareholder of DCG Capital Pte Ltd ("DCG Capital") which manages a fund which Keppel Corporation, through one of its wholly-owned subsidiaries, was previously invested in. As of 1 July 2017, the account has been closed. Mrs Penny Goh is deemed independent by the Board notwithstanding that she is Co-Chairman and Senior Partner of Allen & Gledhill LLP ("A&G") which is one of the Singapore law firms providing legal services to Keppel REIT and the Keppel Group. Mr Alan Rupert Nisbet is deemed independent by the Board 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 a subsidiary of the substantial shareholder of the Manager and substantial unitholder of Keppel REIT, namely Temasek Holdings (Private) Limited ("Temasek").

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Guideline	Questions	How has the Company complied?
Guideline 2.3 (cont'd)	(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	Taking into consideration (1) that Mr Lee Chiang Huat serves as an independent non-executive director of Keppel DC REIT Management Pte Ltd (the manager of Keppel DC REIT), (2) Mr Lee having declared that 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 (3) 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's independent judgment and ability to act in the interests of all the unitholders of Keppel REIT as a whole will not be impeded. Taking into consideration (1) Mr Daniel Chan Choong Seng having declared that (a) DCG Capital is a licensed fund manager regulated by MAS and its services to Keppel Corporation do not involve Keppel REIT, (b) the fees which DCG Capital received from Keppel Corporation is less than 10% in relation to DCG Capital's overall revenue, and (c) he does not regard the past business relationship which DCG Capital has with Keppel Corporation 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, and (2) the instances of constructive challenge and probing of management by Mr Chan at the Board and the Board committee meetings of the Manager, the Board is satisfied that Mr Chan's independent judgment and ability to act in the interests of all the unitholders of Keppel REIT as a whole will not be impeded. Taking into consideration (1) Mrs Penny Goh having declared that (a) she does not hold a substantial partnership interest in A&G and the legal fees which A&G receives from Keppel Group are insubstantial in relation to A&G's overall revenue, (b) in relation to A&G's legal work for Keppel REIT, she does not personally represent Keppel REIT in such transactions, and (c) she does not regard the business relationship which A&G has with Keppel REIT and the Keppel Group as something which could interfere with or be reasonably regarded as interfering with her 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, and (2) the instances of constructive challenge and probing of management by Mrs Goh at the Board and the Board committee meetings of the Manager, the Board is satisfied that Mrs Goh's independent judgment and ability to act in the interests of all the unitholders of Keppel REIT as a whole will not be impeded. Taking into consideration (1) Mr Alan Rupert 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 (2) the instances of constructive challenge and probing of management by Mr Nisbet at the Board meeting of the Manager, the Board is satisfied that Mr Nisbet's independent judgment and ability to act in the interests of all the unitholders of Keppel REIT as a whole will not be impeded.
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	No.
Disclosure on Remuneration		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes. Although the remuneration of the Directors and employees of the Manager is paid by the Manager and not by Keppel REIT, the Manager has disclosed the level and mix of the remuneration of its Directors, CEO and key management personnel on page 65 of the Annual Report. 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.

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Guidelines for Disclosure

Guideline	Questions	How has the Company complied?
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes. The level and mix of the remuneration of the CEO and each of the key management personnel, in bands of $250,000, are set out on page 65 of the Annual Report.
	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	The Manager has less than five key management personnel other than the CEO. 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 not disclosing the aggregate total remuneration paid to the top five key management personnel (who are not Directors or the CEO). 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 63 to 66.
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	No. There are no such employees.
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria. (b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes? (c) Were all of these performance conditions met? If not, what were the reasons?	The remuneration structure is directly linked to corporate and individual performances, both in terms of financial and non-financial performances, as well as the creation of wealth for Unitholders. This is achieved in the following ways: (1) by placing a significant portion of the executive's remuneration at risk ("at-risk component") and subject to a vesting schedule; (2) by incorporating appropriate key performance indicators ("KPIs") for awarding of annual cash incentives: a. there are four scorecard areas that the Manager has identified as key to measuring its performance: i. Financial and Business Drivers; ii. Process; iii. 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 responsibilities activities, employee engagement, talent development and succession planning; 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 Distribution Per Unit and Total Unitholder Returns 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 components of remuneration to be awarded or to vest; and (5) forfeiture of the at-risk components of remuneration when those KPIs or conditions are not met at a satisfactory level.

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Guideline	Questions	How has the Company complied?
Guideline 9.6 (cont'd)		The NRC also recognises the need for a reasonable alignment between risk and remuneration to discourage excessive risk taking. Therefore, in reviewing 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: (1) Prudent funding of annual performance bonus; (2) Granting a portion of the annual performance bonus in the form of deferred Units, to be awarded under the RUP; (3) Vesting of contingent Unit awards under the PUP being subjected to KPIs and/or performance conditions being met; and (4) 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 2017. 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. Please refer to pages 63 to 66 of the Annual Report for details.
Risk Management and Internal Controls		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Management provides the Board with relevant and accurate information in a timely manner relating to matters to be brought before the Board, prior to Board meetings and on an ongoing basis. As a general rule, Board papers are required to be sent to Directors at least seven days before each Board meeting. However, sensitive matters may be tabled at the Board meeting itself or discussed without any papers being distributed prior to the Board meeting. Members of the management team who can provide additional insight into the matters at hand would be present at the relevant time during the Board meeting. The Board has separate and independent access to the Manager's senior management for further clarification if required. The information provided to the Board includes financial results, market and business developments, and business and operational information. Such reports keep the Board informed, on a balanced and understandable basis, of Keppel REIT's performance, financial position and prospects. The financial results are also compared against the budgets, together with explanations given for significant variances for the reporting period. Management also surfaces key risk issues for discussion and confers with the ARC and the Board regularly.
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Keppel REIT's and the Manager's internal audit functions are performed by Keppel Corporation Limited's Group Internal Audit department.

Code of Corporate Governance 2012
Guidelines for Disclosure

Guideline	Questions	How has the Company complied?
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	The Board oversees Keppel REIT's and the Manager's system of internal controls and risk management with the support from the ARC. The Board's view on the adequacy and effectiveness of Keppel REIT's and the Manager's internal controls and risk management system is based on the framework of management control, the internal control and risk management policies and procedures established and maintained by Keppel REIT and the Manager, and the regular audits, monitoring and reviews performed by the internal auditor and external auditor. The ARC has concurred with this view.
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Yes.
Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.	For FY 2017, an aggregate amount of $284,000, comprising non-audit service fees of $9,000 and audit service fees of $275,000, was paid/payable to the external auditor of Keppel REIT and its subsidiaries.
	(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	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 fees awarded to them, and has confirmed that the non-audit services performed by the external auditor would not affect their independence. 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 audit independence. The ARC also considered the nature of the provision of the non-audit services in 2017 and the corresponding fees and ensured that such non-audit fees did not impair or threaten the audit 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.
Communication with Shareholders		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	Yes. In 2017, the Manager engaged a total of 257 local and foreign investors and analysts in meetings, conferences, post-results engagements and site visits in Singapore, Kuala Lumpur, Hong Kong, Tokyo, Seoul and Sydney.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	Yes.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Engagement with Unitholders and other key stakeholders takes several forms including half- and full-year results briefings, corporate announcements, email communications, publications and content on Keppel REIT's website. In addition to Unitholder meetings, senior management also meet with investors, analysts and the media as well as participate in conference calls, roadshows and industry conferences organised by major brokerage firms to solicit and understand the views of the investment community.
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	N.A.

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Relevant Principle of Guideline	Page Reference
Guideline 1.3 Delegation of authority, by the Board to any board committee, to make decisions on certain board matters	Page 58
Guideline 1.4 The number of meetings of the Board and board committees held in the year, as well as the attendance of every board member at these meetings	Page 58
Guideline 1.5 The type of material transactions that require board approval under guidelines	Page 59
Guideline 1.6 The induction, orientation and training provided to new and existing directors	Page 59
Guideline 2.3 The Board should identify in the company's Annual Report each director it considers to be independent. Where the Board considers a director to be independent in spite of the existence of a relationship as stated in the Code that would otherwise deem a director not to be independent, the nature of the director's relationship and the reasons for considering him as independent should be disclosed	Page 61
Guideline 2.4 Where the Board considers an independent director, who has served on the Board for more than nine years from the date of his first appointment, to be independent, the reasons for considering him as independent should be disclosed.	Not applicable
Guideline 3.1 Relationship between the Chairman and the CEO where they are immediate family members	Not applicable
Guideline 4.1 Names of the members of the NC and the key terms of reference of the NC, explaining its role and the authority delegated to it by the Board	Pages 60 and 73 to 74
Guideline 4.4 The maximum number of listed company board representations which directors may hold should be disclosed	Page 62
Guideline 4.6 Process for the selection, appointment and re-appointment of new directors to the Board, including the search and nomination process	Page 60
Guideline 4.7 Key information regarding directors, including which directors are executive, non-executive or considered by the NC to be independent	Pages 13 to 15
Guideline 5.1 The Board should state in the company's Annual Report how assessment of the Board, its board committees and each director has been conducted. If an external facilitator has been used, the Board should disclose in the company's Annual Report whether the external facilitator has any other connection with the company or any of its directors. This assessment process should be disclosed in the company's Annual Report	Pages 62 and 74
Guideline 7.1 Names of the members of the RC and the key terms of reference of the RC, explaining its role and the authority delegated to it by the Board	Pages 60 and 73 to 74
Guideline 7.3 Names and firms of the remuneration consultants (if any) should be disclosed in the annual remuneration report, including a statement on whether the remuneration consultants have any relationships with the company	Page 63
Principle 9 Clear disclosure of remuneration policies, level and mix of remuneration, and procedure for setting remuneration	Pages 63 to 66
Guideline 9.1 Remuneration of directors, the CEO and at least the top five key management personnel (who are not also directors or the CEO) of the company. The annual remuneration report should include the aggregate amount of any termination, retirement and post-employment benefits that may be granted to directors, the CEO and the top five key management personnel (who are not directors or the CEO)	Pages 63 to 66

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Specific Principles and Guidelines for Disclosure

Relevant Principle of Guideline	Page Reference
Guideline 9.2 Fully disclose the remuneration of each individual director and the CEO on a named basis. There will be a breakdown (in percentage or dollar terms) of each director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives	Pages 63 to 66
Guideline 9.3 Name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S$250,000. There will be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives. In addition, the company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel	Pages 63 to 66
Guideline 9.4 Details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S$50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant director or the CEO. Disclosure of remuneration should be in incremental bands of S$50,000	Page 66
Guideline 9.5 Details and important terms of employee share schemes	Pages 63 to 66
Guideline 9.6 For greater transparency, companies should disclose more information on the link between remuneration paid to the executive directors and key management personnel, and performance. The annual remuneration report should set out a description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met	Pages 63 to 66
Guideline 11.3 The Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems The commentary should include information needed by stakeholders to make an informed assessment of the company's internal control and risk management systems The Board should also comment on whether it has received assurance from the CEO and the CFO: (a) that the financial records have been properly maintained and the financial statements give true and fair view of the company's operations and finances; and (b) regarding the effectiveness of the company's risk management and internal control systems.	Pages 67 to 69
Guideline 12.1 Names of the members of the AC and the key terms of reference of the AC, explaining its role and the authority delegated to it by the Board	Pages 66 and 73
Guideline 12.6 Aggregate amount of fees paid to the external auditors for that financial year, and breakdown of fees paid in total for audit and non-audit services respectively, or an appropriate negative statement	Page 66
Guideline 12.7 The existence of a whistle-blowing policy should be disclosed in the company's Annual Report	Pages 74 and 75
Guideline 12.8 Summary of the AC's activities and measures taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements	Pages 66 and 67
Guideline 15.4 The steps the Board has taken to solicit and understand the views of the shareholders e.g. through analyst briefings, investor roadshows or Investors' Day briefings	Pages 69 and 70
Guideline 15.5 Where dividends are not paid, companies should disclose their reasons.	Not applicable

Risk Management

Sound and effective risk management remains an integral part of Keppel REIT's business strategy.

A sound and robust risk management framework ensures that the Manager is ready to meet challenges and seize opportunities.

The 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.

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 and likelihood of occurrence, and covers the investment, financial, operational and reputational aspects of Keppel REIT's business. Tools such as a risk rating matrix, key risk indicators (KRIs) and risk register assist the Manager in its risk management process.

The Board is responsible for governing risks and ensuring that the Manager maintains a sound risk management system and internal controls to safeguard Unitholders' interests and Keppel REIT's assets. Assisted by the Audit and Risk Committee (ARC), the Board provides valuable advice to management in formulating various risk policies and guidelines. The terms of reference of the ARC are disclosed on page 73 of this Report.

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

The Board, assisted by the ARC, has in place three Risk Tolerance Guiding Principles for the Manager and Keppel REIT. These principles, which determine the nature and extent of the significant risks that the Board is willing to take in achieving its strategic objectives, include:

1. 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 2017, the Board has assessed and deemed Keppel REIT's risk management system to be adequate and effective in addressing the key risks identified below:

1. Operational Risk

- All operations are aligned with Keppel REIT's strategies to ensure income sustainability and 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 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, operations and assets.
- 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

5-Step Risk Management Process

Step 1	Step 2	Step 3	Step 4	Step 5
Identify Understand strategy, identify value drivers and risk factors.	**Assess** Prioritise risk factors by assessing their potential impact and likelihood of occurrence.	**Mitigate** Develop action plans to mitigate risks and identify KRIs to monitor risks.	**Implement** Communicate and implement action plans.	**Monitor** Monitor mitigation results and KRI.

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 the 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 maintains a robust 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 2017, approximately 77% of its borrowings are on fixed rates.
- In 2017, the Manager adhered to its policy and forward-hedged its income from the Australian assets.

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 preventing 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.

1

- 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.
- Considered risks are taken in a controlled manner, exercising the spirit of enterprise as well as prudence to earn the optimal risk-adjusted returns on invested capital.

6. Compliance Risk
- The Manager, being a Capital Markets Services Licence holder, complies with applicable laws and regulations, including the Listing Rules of the Singapore Exchange, Code on Collective Investment Schemes, Property Fund Appendix and conditions of the Capital Markets Services Licence for REIT Management issued by the Monetary Authority of Singapore under the Securities and Futures Act, as well as the tax rulings issued by the Inland Revenue Authority of Singapore.
- The Manager 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.

1.
Regular emergency drills and exercises are carried out in Keppel REIT's properties.

Environmental Responsibility

The Manager adopts a proactive and holistic approach towards environmental management and seeks to improve the sustainability performance of its buildings.

Environmental Management

The Manager adopts a holistic and proactive approach towards environmental management and is guided by Keppel REIT's Environmental, Social and Governance Policy, which seeks to minimise impacts such as resource depletion, GHG emissions and waste generation.

The environmental management systems put in place by the Manager provide a systematic framework for performance assessment. In managing its properties, the Manager aligns itself with global environmental standards including the International Organisation for Standardisation's ISO 14001:2015. In addition, new or updated legal requirements pertaining to environmental issues are reviewed by the Manager quarterly. Staff are also encouraged to report any incidences of non-compliance of environmental laws or regulations.

Sustainability Benchmarks

Keppel REIT's properties have been awarded internationally-recognised green certifications by leading industry bodies including the Building and Construction Authority (BCA) of Singapore. The BCA Green Mark Scheme incorporates international best practices in environmental design and performance, and the Platinum certification is awarded only to exemplary projects that demonstrate environmentally sustainable building practices and innovative green features.

Keppel REIT is the only REIT that has all its Singapore assets certified Platinum under the BCA Green Mark Scheme. In Australia, the majority of our assets have achieved 5 Stars NABERS Energy rating.

Stakeholder Engagement

The Manager actively engages stakeholders such as its partners, tenants, suppliers and service providers, through regular training sessions and seminars to share and encourage the adoption of sustainable best practices.

The Manager continues to work with its tenants to roll out green initiatives at workplaces. For example, Green Fit-Out and Green Office Operation Guides are distributed to encourage tenants to retrofit and operate green workspaces. Recycling bins and electronic waste collection points are also available at Keppel REIT's properties to encourage recycling efforts.

Keppel REIT, in collaboration with Keppel Land, works with other organisations to raise environmental awareness among stakeholders.

In 2017, eco-activities and initiatives which Keppel REIT supported and rallied its tenants and staff to participate include the following:

- Eco-Action Day: to encourage organisations and individuals to pledge green actions for an eco-friendlier Singapore;
- National Geographic Earth Day Run: to raise funds for climate change initiatives; and
- The premiere screening of "An Inconvenient Sequel: Truth to Power", a documentary which supports climate action.

1.
The Manager seeks to inculcate a sense of environmental responsibility among its stakeholders, including tenants (pictured), through various initiatives such as PUB's Save Water campaign.

Environmental Targets

Keppel REIT has set the following environmental targets, with 2010 as the base year:

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

Through the implementation of energy and water conservation initiatives, as well as harnessing of technology and innovations to reduce resource consumption and GHG emissions at its properties, Keppel REIT is on track to achieving these reduction targets by 2030.

Environmental Performance[1]

Energy and Water Consumption

Total energy consumption, which comprises electricity, district cooling, direct cooling and heating at Keppel REIT's properties, was about 45,000 MWh in 2017. Building energy intensity, or energy use per gross floor area, was at around 0.122 MWh/m^2 in 2017, a 2% reduction from 2016's level.

Total water consumption for Keppel REIT's properties was about 210,000 m^3 in 2017. Water intensity, or water use per gross floor area, was about 0.536 m^3/m^2, a decrease of 4% as compared to 2016.

Waste Management

Keppel REIT aims to manage waste at its properties responsibly. Recycling bins and electronic waste collection points are placed at Keppel REIT's properties for use by tenants and the public. Green campaigns are also regularly organised to remind and encourage tenants to reduce and recycle waste.

In 2017, the total non-hazardous waste generated and disposed amounted to around 3,200 tonnes. Waste intensity, or waste generated per gross floor area, was about 0.01 tonne/m^2 in 2017, which is comparable to that of 2016.

Sustainability Awards

	Awards	Year
Keppel REIT	Global Real Estate Sustainability Benchmark (GRESB) 2017 achievements:	
	2nd among 13 Asian listed office entities	2017
	3rd among 52 Asian listed companies	2017
Singapore		
Ocean Financial Centre	BCA Green Mark Platinum	2016/2013/2008
	BCA Green Mark Pearl	2016
	BCA Green Mark Office Interior – Gold^{PLUS} (Management Office)	2016
	PUB Water Efficient Building (Gold)	2015
	ASEAN Energy Awards – Large Building	2015
	SS 577 – Water Efficiency Management System (WEMS) Certification	2015
	Skyrise Greenery Award – Excellence Award	2013
	US LEED Platinum Certification – Core and Shell	2009
Bugis Junction Towers	BCA Green Mark Platinum	2017/2014
	BCA Green Mark Office Interior – Gold^{PLUS} (Management Office)	2016
	ASEAN Energy Awards	2016
	PUB Water Efficient Building (Silver)	2015
Marina Bay Financial Centre (Towers 1 and 2)	BCA Green Mark Platinum	2017
	BCA Green Mark Office Interior – Platinum (Management Office)	2017
	PUB Water Efficient Building (Gold)	2015
	SS577 – Water Efficiency Management System	2015
Marina Bay Financial Centre (Tower 3)	BCA Green Mark Platinum	2016
	BCA Green Mark Pearl	2015
	PUB Water Efficient Building (Gold)	2015
	SS577 – Water Efficiency Management System	2015
One Raffles Quay	BCA Green Mark Platinum	2016
	SS577 – Water Efficiency Management System	2015
	PUB Water Efficient Building (Silver)	2014
Australia		
8 Chifley Square, Sydney	5 Stars NABERS Energy rating	2017/2016
	GBCA 6 Star Green Star – Office Design v2	2012
8 Exhibition Street, Melbourne	5 Stars NABERS Energy rating	2017/2016
275 George Street, Brisbane	5 Stars NABERS Energy rating	2016/2015
	GBCA 5 Star Green Star – Office As Built v2	2010
	GBCA 5 Star Green Star – Office Design v2	2008
David Malcolm Justice Centre, Perth	GBCA 5 Star Green Star – Office As Built v3	2017
	GBCA 5 Star Green Star – Office Design v3	2013

Intensity

Energy (MWh/m^2)

2017	**0.122**
2016	0.124

GHG Emissions (tonne/m^2)

2017	**0.058**
2016	0.062

Water (m^3/m^2)

2017	**0.536**
2016	0.559

GHG Emissions

Keppel REIT is committed to reduce GHG emission levels, through initiatives to improve the energy efficiency of its properties.

Total GHG emissions[2] in 2017 was about 45,000 tonnes of carbon dioxide equivalent, translating into GHG emissions intensity of 0.058 tonne/m^2 of gross floor area in 2017, a reduction of about 6% from 2016's level.

Where feasible, Keppel REIT also explores the use of renewable sources to reduce GHG emissions. For example, Ocean Financial Centre and Bugis Junction Towers have solar panels which harvested close to 254,000 kWh of electricity and in turn reduced about 188 tonnes of GHG emissions[3] in 2017.

Compliance

There have been no incidences of non-compliance with environmental laws and regulations in 2017.

1 The data on environmental performance of some assets was annualised for 2017, as not all finalised data was available at the time of publication of this report.

2 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.

3 100 kWh of renewable energy harvested is equivalent to 0.074 tonne of carbon dioxide emission.

Safety and Health

The Manager fosters a strong safety culture and ensures a safe environment for all its stakeholders.

As part of the Keppel Group, the Manager is guided by the Keppel Workplace Safety and Health Strategy, which aims to reduce the occurrence of occupational injuries through the adoption of best practices. The strategy is driven by four key aspects:

- Implementing an effective safety management system;
- Communicating safety and health-related matters regularly;
- Equipping employees with safety and health knowledge; and
- Honouring and recognising employees and contractors for safety excellence.

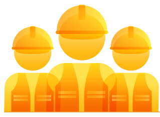
Strong Culture
The Manager upholds safety as one of its core values. Safety-related messages are communicated to employees regularly to promote safety awareness and encourage employees to take ownership of safety. All staff adhere to the safety and health regulations, safety policies and principles as stipulated in the Keppel Safety Disciplinary Code and Employee Handbook. Employees are also encouraged to be forthcoming in reporting any safety lapses that they come across.

To ensure that the property managers' site staff and tenants are familiar with the building's emergency evacuation procedures, the Manager conducts fire and evacuation drills at least once a year at all of Keppel REIT's Singapore properties. For its properties in Australia, all fire wardens, including those of tenants, are required to undergo bi-annual training sessions conducted by external accredited trainers. The Manager also carries out business continuity plans and emergency drills for scenarios such as a pandemic or security lock-down.

Annual safety audits are carried out at Keppel REIT's properties to ensure compliance with the relevant laws and regulations, as well as industry best practices. Any safety and health issues which are identified during these safety audits are addressed by the Manager and the respective property managers.

Safety Recognition
Testament to its continuous work with vendors along its supply chain to improve their safety and health performance, Keppel REIT Property Management Pte Ltd, the property manager for Ocean Financial Centre and Bugis Junction Towers, was recertified as a bizSAFE Partner for another two years from 2017 to 2019 and was also recertified with the bizSAFE Star from 2017 to 2020.

Raffles Quay Asset Management Pte Ltd, the property manager for Marina Bay Financial Centre and One Raffles Quay, was also recertified as a bizSAFE Partner from 2018 to 2020 and recertified with the bizSAFE Star from 2017 to 2020.



Safety Recognition

bizSAFE Partner

Keppel REIT Property Management and Raffles Quay Asset Management were both recertified as bizSAFE Partners.

Safety Performance

Zero

Incidents and fatalities for the Manager and property managers in 2017.


1

Stakeholders Engagement

The Manager believes all accidents can be prevented. In this aspect, the Manager has adopted various platforms to facilitate learning, as well as the sharing of best practices and experiences among its employees, staff of the property managers, contractors and partners. These platforms include the annual Keppel Group Safety Convention, regular safety-related publications and an e-safety portal. Posters highlighting safe work practices are also put up at Keppel REIT's properties and in the Manager's office to share and communicate important safety messages.

The Manager's employees and staff of the property managers are encouraged to embrace safety as a personal and collective responsibility. They also receive regular updates on safety-related matters, including company safety policies, action plans and incident-reporting procedures. All new employees of the Manager and property managers have to undergo a safety initiation course as part of their orientation programme.

1.
The Manager actively engages its stakeholders through platforms such as the annual Keppel Group Safety Convention.

2.
Regular exercises and drills ensure that employees and tenants are familiar with the latest emergency procedures.

2

Safety Performance

In 2017, there were zero fatalities at Keppel REIT's properties. There were also zero incidents and fatalities for the Manager and the property managers in the year. However, there was one workplace incident involving a subcontractor. The affected worker suffered a shoulder injury after losing his balance and falling off a ladder. The incident was thoroughly investigated and the findings were shared with all the relevant parties. Follow-up measures have since been implemented by the Manager and the property manager to prevent the recurrence of similar incidents.

There were no cases of non-compliance of health and safety regulations by the Manager or the property managers in 2017.

The Keppel Workplace Safety and Health Strategy

Vision	Mission	Strategic Thrusts	Outcomes
A safe and healthy workplace where everyone goes home safe every day	To execute our business activities profitably, safely and responsibly, placing the highest priority on the safety and health of all stakeholders	• **Framework** Integrated safety framework for businesses worldwide, with common goals across the Keppel Group	• Strong safety culture
		• **System** Adopting best practices, systems, standards and processes	• Safety as an integral part of business
		• **Ownership** Strong safety ownership at all levels	• Reduction in incidents
		• **Partnerships** Engagement across all stakeholder groups	

People Matters

Recognising that people are its greatest asset, the Manager strives to nurture and develop its talent pool as it creates value and drives further growth for Keppel REIT.

The Manager believes that people form the core of a successful business. It is committed to nurture a motivated, skilled and competent workforce with its human resource strategy, through which employees are developed to their fullest potential and are encouraged to harness innovation in their personal and professional growth. This strategy is three-pronged, focusing on career development, employee welfare and employee engagement.

Profile of Employees

In the beginning of 2017, there was a reorganisation of the workforce at Keppel Capital. Centralised functions were formed to support the various units within Keppel Capital, which includes the Manager. This is to provide opportunities for learning and career growth, as well as to build bench strength and ensure optimal use of resources. Keppel Capital has a total headcount of close to 200.

The Manager's workforce as at end 2017 comprised a total of nine staff, including eight full-time permanent employees and one full-time contract staff. All permanent employees are based in Singapore and are full-time executives. The Manager is supported by Keppel Capital's centralised functions including asset management, investment, finance, compliance, human resources, research and investor relations.

Prior to the reorganisation of the workforce:

- Four female employees left the Manager, and one was below 30 years old;
- The other three were above 30 years old.

After the reorganisation:

- One new female employee below 30 years old was hired; and
- One female employee above 30 years old left.

Policy of Non-discrimination

The Manager respects the values and cultures of the communities where it operates and embraces workforce diversity.

The Manager adopts merit-based recruitment practices and emphasises diversity and inclusiveness.

Hiring selections are based on individual competencies, as well as organisation and job fit. Its hiring policies ensure equal employment opportunities for all, regardless of race, religion, gender, marital status or age. As at end 2017, the gender ratio of the workforce was 55% female and 45% male. 89% of the workforce were executives.

The Manager demonstrates its commitment to non-discrimination and equal opportunities. It adheres to the practices spelled out by the Tripartite Alliance for Fair and Progressive Employment Practices and strives to uphold the principles articulated in its Employer's Pledge of Fair Employment Practices, which are guided by the following five principles:

1. Recruit and select employees on the basis of merit;
2. Treat employees fairly and with respect, and implement progressive HR management systems;
3. Provide employees with equal opportunity to be considered for training and development;
4. Reward employees fairly; and
5. Abide by labour laws and adopt Tripartite Guidelines which promote fair employment practices.

The Manager's commitment to human rights is supported by its Employee Code of Conduct, which sets the tone in relation to its stance against discrimination on any basis, including any bias on the basis of ethnicity, gender, religious beliefs, or age. The rules of conduct apply to all employees. The Manager's stance on human rights is aligned with that of

1.
Various corporate activities are organised to promote staff well-being and forge closer ties among employees.

the Keppel Group and is articulated in its Corporate Statement on Human Rights, which is available at Keppel Corporation Limited's corporate website.

In 2017, there were no reported incidences of discrimination raised by the Manager's employees. None of the Manager's employees are covered under any collective bargaining agreements.

Provision of Benefits
The Manager complies with all statutory regulations relating to employment terms and benefits, and offers employees competitive and sustainable compensation. All permanent employees are provided with benefits like health insurance plans, medical and annual leave entitlements, as well as contributions to employees' Central Provident Fund.

Eligible female employees in Singapore are entitled to a maximum of 16 weeks of paid maternity leave, while eligible male employees are entitled to a maximum of two weeks of paid paternity leave, in accordance with the Ministry of Manpower's legislation. In 2017, no employees went on maternity or paternity leave.

In addition to the benefits mandated by local labour legislation, the Manager also provides other benefits such as additional leave for marriage, examinations and compassionate reasons.

Performance Management
The Manager subscribes to a pay-for-performance philosophy, as it believes this drives ownership of collective goals and leads to a high-performance culture that creates long-term value for all stakeholders.

A robust performance management system ensures that permanent employees receive regular performance and career development reviews. Opportunities for advancement, promotion, recognition of achievements, compensation, training and other conditions of employment are provided based on merit. Supervisors and employees will jointly discuss performance goals based on targets in four key areas: Financial, Process, Customers & Stakeholders and People.

Succession Planning and Talent Management
Succession planning and talent management continue to be a key priority of the Manager, to build and develop its bench strength in ensuring business continuity. The framework is reviewed at least twice a year by senior management and the Board to ensure high-potential employees are identified and groomed for leadership succession.

As part of the Keppel Group, the Manager benefits from the talent management process that is centralised at the corporate level. Keppel Corporation's Group Human Resources department drives programmes for leadership and executive development, and coordinates information across the business units to ensure that the review of talent is undertaken with consistent data.

Keppel Young Leaders is a centralised platform for high-potential employees across the Keppel Group to cultivate a global mindset and an innovative and entrepreneurial spirit. Through initiatives such as annual symposiums, case studies and strategic reviews, Keppel Young Leaders benefit from taking on projects beyond their regular job scope through harnessing the collective strength of the Group. There are also additional opportunities to network with peers in other Keppel business units and engage with senior management.

Established in 2015, the Keppel Leadership Institute (the Institute) aims to groom global Keppel leaders who uphold Keppel's core values and are guided by its operating principles. The Institute exemplifies the Keppel Group's commitment to develop and equip leaders with capabilities to drive Keppel's businesses into the future.

Training & Development
The Manager recognises the importance of investing in its people for their professional development. It encourages and provides training and development programmes for employees to expand their skill sets and keep pace with industry trends. In 2017, the average training hours per full-time employee was 27.8 hours.

To enable employees to develop and refine their skills and competencies, the Manager customises learning and development programmes to cater to different career stages and industry needs.

Employee Engagement
The Manager continually engages its employees to better understand their needs and expectations. Two-way feedback between management and employees is highly encouraged. Staff of the Manager participated in the Keppel Group 2017 Employee Engagement Survey which measures employee satisfaction. The survey was administered by an external consultant and saw strong participation from employees. The Manager, with the support of Keppel Capital, reviews the results and implements appropriate measures and initiatives to continually engage its employees.

Health and Wellness
Employees of the Manager participated in Keppel Games, an annual Keppel Group-wide sporting competition organised to promote wellness and foster a healthy workforce and team spirit.

The health and well-being of staff are important to the Manager. Healthy snacks and fruits are provided regularly to all employees to advocate good eating habits. Regular health screening programmes are also available for employees. In addition, an indoor air quality management system is installed at the Manager's office to measure air flow and quality. Ergonomic chairs and BCA Green Mark-certified system furniture, together with purpose-built dining booths, a bistro-style café, as well as fun and relaxation zones within the office help create an environment that encourages collaboration and team bonding.

The Manager organised various corporate activities during the year to promote staff well-being and forge closer ties among employees. In September 2017, the Manager participated in Keppel Capital's inaugural staff day, which brought together approximately 200 employees.

Community Relations

The Manager is committed to nurture the community and make positive contributions wherever it operates.

As a responsible corporate citizen, the Manager adopts a proactive approach in engaging its stakeholders and supporting initiatives that positively impact the community.

Beyond monetary contributions, its engagement activities involve its tenants and the local communities. It also seeks to encourage further growth of the REIT sector.

Engaging Tenants
The 12th Keppel REIT and 42nd Ocean Financial Centre Golf Tournament took place on 16 June 2017 at the Sentosa Golf Club.

Jointly organised by the Manager and Keppel Land, the annual event is a platform for management to engage and network with its tenants and key stakeholders.

Fostering closer ties in the REIT sector
On 26 July 2017, the Manager hosted an event organised by the REIT Association of Singapore (REITAS) at Bugis Junction Towers. The event was well-attended by industry professionals from various REITs. It provided networking opportunities for participants and facilitated the sharing of information on the Singapore REIT industry.

Supporting the Underprivileged
As part of Keppel Capital, the Manager continued to support the Muscular Dystrophy Association of Singapore (MDAS) in 2017. MDAS is a self-help organisation committed to uplifting the lives of people with muscular dystrophy. Together with Keppel Capital, the Manager organised three experiential and educational activities in 2017 for MDAS beneficiaries.

The first activity on 22 June 2017 saw volunteers pair up with beneficiaries from MDAS to tour the Singapore Zoological Gardens. Walking through the exhibits, staff bonded with the beneficiaries as they experienced intimate encounters with animals. They also participated in activities and games such as the Amazing Race, where they were required to deduce clues and navigate to the finishing line.

On 21 July 2017, beneficiaries from MDAS visited KidZania at Sentosa,

1

an educational theme park which provides realistic role-play for children to find out more about real-life applications such as different careers and the concept of managing money. Accompanied by Keppel Capital volunteers, the beneficiaries tried their hand at various professions and accomplished challenging tasks.

Led by Mr Tan Swee Yiow, the CEO of the Manager, volunteers teamed up with beneficiaries from MDAS for the third event held on 30 August 2017. Staff and beneficiaries participated in the Junior Master Chef Challenge, a baking session at The Enabling Village, a community space for social businesses and partnerships that support people with different abilities.

In November, Keppel Capital collaborated with Metta Welfare Association to conduct a batik painting workshop, where volunteers learnt this traditional technique under the guidance of Arts@Metta youths with special needs. The participants' batik designs were subsequently sold at the company's dinner and dance, along with other handicrafts made by youths, with all sales proceeds going to Metta.

In total, Keppel Capital volunteers committed over 700 hours with various beneficiaries in 2017.

In 2017, the Manager contributed $34,000 to the Keppel Care Foundation to support the Keppel Group's various philanthropic initiatives. Keppel Care Foundation donated $10,000 to MDAS in 2017, which included contributions from the Manager. The Manager also sponsored $4,500 for a fundraising event by the National University of Singapore's Building and Estate Management Alumni.

As part of a CSR initiative involving tenants, the Manager participated in the annual Christmas Grant-a-Wish initiative at two of its properties – Ocean Financial Centre and Bugis Junction Towers. Christmas trees were placed at the lobbies of these buildings, with wish tags from the beneficiaries supported by Care Corner Singapore.

With the support of staff and tenants, the wishes were fulfilled and gifts were delivered to children from needy families in he Admiralty, Woodlands and Toa Payoh neighbourhoods.


2

1.
The Manager and beneficiaries from the Muscular Dystrophy Association of Singapore worked together to bake brownies at the Junior Master Chef Challenge.

2.
Through the Grant-a-Wish initiative at Ocean Financial Centre and Bugis Junction Towers, staff and tenants fulfilled the wishes of less-privileged children.

GRI Content Index

GRI Standard	General Standard Disclosures	Disclosure	Page Reference
	Organisational Profile		
102-1	Name of the organisation	●	3
102-2	Activities, brands, products, and services	●	3
102-3	Location of headquarters	●	Back Cover
102-4	Location of operations	●	3
102-5	Ownership and legal form	●	3, 10
102-6	Markets served	●	3
102-7	Scale of the organisation	●	3, 90
102-8	Information on employees and other workers	◑	90-91
102-9	Supply chain	●	54
102-10	Significant changes to the organisation and its supply chain	●	8-9
102-11	Precautionary Principle or approach	◑	84-85
102-12	External initiatives	●	52, 54, 87, 90
102-13	Membership of associations	●	55
	Strategy		
102-14	Statement from senior decision-maker	●	6-9, 52
	Ethics & Integrity		
102-16	Values, principles, standards, and norms of behavior	●	51, 54
102-17	Mechanisms for advice and concerns about ethics	◑	74-75
	Governance		
102-18	Governance structure	●	11, 54
	Stakeholder Engagement		
102-40	List of stakeholder groups	●	56
102-41	Collective bargaining agreements	●	91
102-42	Identifying and selecting stakeholders	●	56
102-43	Approach to stakeholder engagement	◑	56
102-44	Key topics and concerns raised	●	56
	Reporting Practice		
102-45	Entities included in the consolidated financial statements	●	53, 126-130
102-46	Defining report content and topic Boundaries	●	55
102-47	List of material topics	●	55
102-48	Restatements of information	●	2016 data in SR2016 was annualised. They have been updated to full year figures in this report.
102-49	Changes in reporting	●	There were no significant changes from previous reporting periods in the list of material topics and topic Boundaries.
102-50	Reporting period	●	53
102-51	Date of most recent report	●	2 March 2017
102-52	Reporting cycle	●	Annual
102-53	Contact point for questions regarding the report	●	21
102-54	Claims of reporting in accordance with the GRI Standards	●	53
102-55	GRI content index	●	94-96
102-56	External assurance	●	This report has not been externally assured.
	Category: Economic		
	Economic Performance		
103-1	Explanation of the material topic and its Boundary	●	55
103-2	The management approach and its components	●	6-9, 54
103-3	Evaluation of the management approach	◑	64
201-1	Direct economic value generated and distributed	◑	4-5
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	●	54
	Anti-Corruption		
103-1	Explanation of the material topic and its Boundary	●	55, 70-71
103-2	The management approach and its components	●	70-71, 84

Legend ● Fully reported ◑ Partially reported

GRI Standard	General Standard Disclosures	Disclosure	Page Reference
103-3	Evaluation of the management approach	●	85
205-2	Communication and training about anti-corruption policies and procedures	◑	54
205-3	Confirmed incidents of corruption and actions taken	●	No cases of corruption in FY 2017.
	Anti-Competitive Behaviour		
103-1	Explanation of the material topic and its Boundary	◑	54-55
103-2	The management approach and its components	●	54
103-3	Evaluation of the management approach	●	85
204-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	●	No legal cases for anti-competitive or anti-trust behavior for FY 2017.
	Category: Environmental		
	Materials		
103-1	Explanation of the material topic and its Boundary	◑	55, 86-87
103-2	The management approach and its components	◑	86-87
103-3	Evaluation of the management approach	●	86-87 Keppel REIT is looking into formulating evaluation methods.
301-1	Materials used by weight or volume	●	Keppel REIT does not have data for FY 2017.
	Energy		
103-1	Explanation of the material topic and its Boundary	●	55, 86-87
103-2	The management approach and its components	●	86-87
103-3	Evaluation of the management approach	◑	86-87
302-1	Energy consumption within the organisation	◑	86
302-3	Energy intensity	●	87
	Water		
103-1	Explanation of the material topic and its Boundary	●	55, 86-87
103-2	The management approach and its components	●	86-87
103-3	Evaluation of the management approach	◑	86-87
303-1	Water withdrawal by source	◑	86
CRE2	Building water intensity	◑	86-87
	Emissions		
103-1	Explanation of the material topic and its Boundary	●	55, 86-87
103-2	The management approach and its components	●	86-87
103-3	Evaluation of the management approach	◑	86-87
305-2	Energy indirect (Scope 2) GHG emissions	◑	87
305-4	GHG emissions intensity	◑	86-87
305-5	Reduction of GHG emissions	●	87
	Effluents and Waste		
103-1	Explanation of the material topic and its Boundary	●	55, 86-87
103-2	The management approach and its components	●	86-87
103-3	Evaluation of the management approach	◑	86-87
306-2	Waste by type and disposal method	◑	86
	Environmental Compliance		
103-1	Explanation of the material topic and its Boundary	◑	55, 86-87
103-2	The management approach and its components	●	86-87
103-3	Evaluation of the management approach	●	86-87
307-1	Non-compliance with environmental laws and regulations	●	87
	Category: Social		
	Employment		
103-1	Explanation of the material topic and its Boundary	●	55, 90-91
103-2	The management approach and its components	●	90-91
103-3	Evaluation of the management approach	◑	90-91
401-1	New employee hires and employee turnover	●	90
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	●	Not applicable, Keppel REIT has no temporary nor part-time employees
401-3	Parental leave	◑	91

Legend ● Fully reported ◑ Partially reported

GRI Content Index

GRI Standard	General Standard Disclosures	Disclosure	Page Reference
	Occupational Health and Safety		
103-1	Explanation of the material topic and its Boundary	●	55, 88-89
103-2	The management approach and its components	●	88-89
103-3	Evaluation of the management approach	◑	88-89
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	◑	89
	Training and Education		
103-1	Explanation of the material topic and its Boundary	●	55, 91
103-2	The management approach and its components	●	91
103-3	Evaluation of the management approach	◑	91
404-1	Average hours of training per year per employee	◑	91
404-3	Percentage of employees receiving regular performance and career development reviews	◑	91
	Diversity and Equal Opportunity		
103-1	Explanation of the material topic and its Boundary	●	55, 90-91
103-2	The management approach and its components	●	90-91
103-3	Evaluation of the management approach	◑	90-91
405-1	Diversity of governance bodies and employees	◑	13-17, 90
	Non-Discrimination		
103-1	Explanation of the material topic and its Boundary	●	55, 90-91
103-2	The management approach and its components	●	90-91
103-3	Evaluation of the management approach	◑	90-91
406-1	Incidents of discrimination and corrective actions taken	●	91
	Local Communities		
103-1	Explanation of the material topic and its Boundary	●	55, 92-93
103-2	The management approach and its components	●	92-93
103-3	Evaluation of the management approach	●	92-93 Keppel REIT is looking into formulating evaluation methods.
413-1	Operations with local community engagement, impact assessments, and development programs	●	Local community engagement is conducted in Singapore, where 87.2% of Keppel REIT's assets by value are located
413-2	Operations with significant actual and potential negative impacts on local communities	●	None of our operations have had negative impacts on local communities.
	Customer Health and Safety		
103-1	Explanation of the material topic and its Boundary	●	55, 88-89
103-2	The management approach and its components	●	54, 88-89
103-3	Evaluation of the management approach	◑	88-89
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	●	54
	Marketing and Labeling		
103-1	Explanation of the material topic and its Boundary	◑	55
103-2	The management approach and its components	●	55
103-3	Evaluation of the management approach	●	55
CRE8	Type and number of sustainability certification, rating and labeling schemes for new construction, management, occupation and redevelopment.	●	87
417-3	Incidents of non-compliance concerning marketing communications	●	There were no incidents of non-compliance with regulations and voluntary codes concerning marketing communications.
	Customer Privacy		
103-1	Explanation of the material topic and its Boundary	◑	55
103-2	The management approach and its components	●	55
103-3	Evaluation of the management approach	●	55 Keppel REIT is looking into formulating evaluation methods.
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	●	There were no substantiated complaints concerning breaches of customer privacy and losses of customer data

Legend ● Fully reported ◑ Partially reported

Financial Statements

Contents

Report of the Trustee

For the financial year ended 31 December 2017

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

To the best knowledge of the Trustee, the Manager has, in all material respects, managed Keppel REIT and its subsidiaries during the period covered by these financial statements, set out on pages 103 to 152 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

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

Hoi Sau Kheng
Director

Singapore, 20 February 2018

Statement by the Manager

For the financial year ended 31 December 2017

In the opinion of the Directors of Keppel REIT Management Limited (the "Manager"), the accompanying financial statements set out on pages 103 to 152 comprising the Balance Sheets, Consolidated Statement of Total Return, Distribution Statement, Portfolio Statement, Statements of Movements in Unitholders' Funds, Consolidated Statement of Cash Flows and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial positions of the Group and the Trust as at 31 December 2017, the total return, distributable income, movements in Unitholders' funds and cash flows of the Group and the movements in Unitholders' funds of the Trust for the year ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust would be able to meet their financial obligations as and when they materialise.

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

Tan Swee Yiow
Chief Executive Officer and Executive Director

Singapore, 20 February 2018

Independent Auditor's Report to the Unitholders of Keppel REIT

For the financial year ended 31 December 2017

Our opinion

In our opinion, the accompanying consolidated financial statements and Portfolio Statement of Keppel REIT (the "Trust") and its subsidiaries (the "Group") and the Balance Sheet and Statement of Movements in Unitholders' Funds of the Trust are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants ("RAP 7"), so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Trust and the consolidated portfolio statement of the Group as at 31 December 2017 and the consolidated financial performance of the Group, the consolidated amount distributable of the Group, the consolidated movements in Unitholders' funds of the Group and movements in unitholders' funds of the Trust, and the consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Group and Trust comprise:

- the balance sheets of the Group and the Trust as at 31 December 2017;
- the consolidated statement of total return of the Group for the financial year ended 31 December 2017;
- the distribution statement of the Group for the financial year then ended;
- the portfolio statement of the Group as at 31 December 2017;
- the statements of movements in unitholders' funds of the Group and the Trust for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

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

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

Independence

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

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties Refer to *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 2017, the carrying value of the Group's investment properties of $3.8 billion accounted for 49.6% of the Group's total assets. The valuation of the investment properties was a key audit matter due to the significant judgement in the key inputs used in the valuation techniques. These key inputs include capitalisation rates and discount rates and are dependent on the nature of each investment property and the prevailing market conditions.	Our audit procedures included the following: • assessed the competence, capabilities and objectivity of the external valuers engaged by the Group; • obtained an understanding of the techniques used by the external valuers in determining the valuations of individual investment properties; • discussed the critical assumptions made by the external valuers for the key inputs used in valuation in the valuation techniques; • tested the integrity of information, including underlying lease and financial information provided to the external valuers; and • assessed the reasonableness of the capitalisation rates and discount rates by benchmarking these against those of comparable properties and prior year inputs.

Key audit matter	How our audit addressed the key audit matter
The key inputs are disclosed in Note 29 (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 the recommendations of RAP 7 and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Independent Auditor's Report to the Unitholders of Keppel REIT

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, 20 February 2018

Balance Sheets

As at 31 December 2017

		Group		Trust	
	Note	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Non-current assets					
Investment properties	3	3,774,870	3,618,097	525,000	540,000
Investments in subsidiaries	4	–	–	1,837,110	1,837,110
Investments in associates	5	2,527,842	2,525,112	2,025,559	2,025,483
Advances to associates	8	613,122	610,922	613,122	610,922
Investments in joint ventures	6	465,096	450,284	–	–
Amounts owing by subsidiaries	7	–	–	877,973	852,650
Fixed assets		149	190	31	31
Intangible asset	9	10,712	22,511	10,712	20,471
Derivative financial instruments	13	4,190	18,016	4,190	16,354
		7,395,981	7,245,132	5,893,697	5,903,021
Current assets					
Trade and other receivables	10	8,619	10,662	12,120	7,721
Prepaid expenses		333	604	11	11
Cash and bank balances	11	198,158	278,682	155,823	141,948
Derivative financial instruments	13	1,197	245	1,175	99
		208,307	290,193	169,129	149,779
Total assets		7,604,288	7,535,325	6,062,826	6,052,800
Current liabilities					
Trade and other payables	12	56,451	51,828	34,905	34,640
Income received in advance	14	4,209	278	–	–
Borrowings (unsecured)	15	425,039	–	99,967	–
Security deposits		3,159	3,545	116	431
Derivative financial instruments	13	1,748	1,483	1,134	1,281
Provision for taxation		2,259	2,735	2,138	2,735
		492,865	59,869	138,260	39,087
Non-current liabilities					
Income received in advance	14	11,305	25,152	11,305	25,152
Borrowings (secured)	15	194,656	348,201	194,656	348,201
Borrowings (unsecured)	15	1,902,486	2,133,553	1,762,265	1,667,700
Derivative financial instruments	13	16,017	7,315	14,411	6,287
Security deposits		27,675	27,869	3,982	2,976
Deferred tax liabilities	16	44,026	34,808	–	–
		2,196,165	2,576,898	1,986,619	2,050,316
Total liabilities		2,689,030	2,636,767	2,124,879	2,089,403
Net assets		4,915,258	4,898,558	3,937,947	3,963,397
Represented by:					
Unitholders' funds		4,763,424	4,746,717	3,788,246	3,813,696
Perpetual securities	17	149,701	149,701	149,701	149,701
Non-controlling interest		2,133	2,140	–	–
		4,915,258	4,898,558	3,937,947	3,963,397
Units in issue ('000)	17	3,370,734	3,291,616	3,370,734	3,291,616
Net asset value per Unit ($)		1.41	1.44	1.12	1.16

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

Consolidated Statement of Total Return

For the financial year ended 31 December 2017

	Note	Group 2017 $'000	Group 2016 $'000
Property income	18	**164,516**	161,252
Property expenses	19	**(33,316)**	(32,882)
Net property income		**131,200**	128,370
Rental support	20	**12,825**	16,746
Share of results of associates	5	**83,795**	83,460
Share of results of joint ventures	6	**31,959**	30,789
Interest income		**22,975**	27,459
Amortisation expense	9	**(11,799)**	(15,312)
Trust expenses	21	**(56,458)**	(57,493)
Borrowing costs	22	**(65,256)**	(64,049)
Net foreign exchange differences		**(2,060)**	635
Net change in fair value of derivative financial instruments		**(1,598)**	9,018
Net income before gain on divestment of investment property and net change in fair value of investment properties		**145,583**	159,623
Gain on divestment of investment property	3	**–**	28,299
Net change in fair value of investment properties	23	**51,727**	91,171
Total return before tax		**197,310**	279,093
Income tax expense	24	**(17,156)**	(21,306)
Total return for the year		**180,154**	257,787
Attributable to:			
Unitholders		**172,608**	250,191
Perpetual securities holders		**7,470**	7,490
Non-controlling interest		**76**	106
		180,154	257,787
Basic and diluted earnings per Unit (cents) based on total return for the year	25	**5.17**	7.67
Basic and diluted earnings per Unit (cents) based on total return for the year and excluding gain on divestment of investment property, net change in fair value of investment properties and related tax expenses	25	**3.95**	4.40

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

Distribution Statement

For the financial year ended 31 December 2017

	Group 2017 $'000	Group 2016 $'000
Income available for distribution to Unitholders at beginning of the year	48,954	54,269
Net income before gain on divestment of investment property and net change in fair value of investment properties	145,583	159,623
Net income attributable to perpetual securities holders	(7,470)	(7,490)
Net income before net change in fair value of investment property attributable to non-controlling interest	(78)	(72)
Net tax and other adjustments (Note A)	69,851	77,368
Income tax expense	(17,156)	(21,306)
	190,730	208,123
Income available for distribution to Unitholders	239,684	262,392
Distribution to Unitholders:		
Distribution of 1.68 cents per Unit for the period from 1/10/2015 to 31/12/2015	–	(44,871)
Distribution of 1.68 cents per Unit for the period from 1/1/2016 to 31/3/2016	–	(43,526)
Distribution of 1.61 cents per Unit for the period from 1/4/2016 to 30/6/2016	–	(45,848)
Distribution of 1.60 cents per Unit for the period from 1/7/2016 to 30/9/2016	–	(48,318)
Distribution of 1.48 cents per Unit for the period from 1/10/2016 to 31/12/2016	(40,761)	–
Distribution of 1.45 cents per Unit for the period from 1/1/2017 to 31/3/2017	(38,061)	–
Distribution of 1.42 cents per Unit for the period from 1/4/2017 to 30/6/2017	(38,998)	–
Distribution of 1.40 cents per Unit for the period from 1/7/2017 to 30/9/2017	(39,118)	–
	(156,938)	(182,563)
Distribution in relation to the Distribution Reinvestment Plan for the period from 1/10/2015 to 31/12/2015	–	(9,160)
Distribution in relation to the Distribution Reinvestment Plan for the period from 1/1/2016 to 31/3/2016	–	(10,912)
Distribution in relation to the Distribution Reinvestment Plan for the period from 1/4/2016 to 30/6/2016	–	(6,669)
Distribution in relation to the Distribution Reinvestment Plan for the period from 1/7/2016 to 30/9/2016	–	(4,134)
Distribution in relation to the Distribution Reinvestment Plan for the period from 1/10/2016 to 31/12/2016	(7,954)	–
Distribution in relation to the Distribution Reinvestment Plan for the period from 1/1/2017 to 31/3/2017	(10,061)	–
Distribution in relation to the Distribution Reinvestment Plan for the period from 1/4/2017 to 30/6/2017	(8,408)	–
Distribution in relation to the Distribution Reinvestment Plan for the period from 1/7/2017 to 30/9/2017	(7,884)	–
	(34,307)	(30,875)
Total Unitholders' distribution (including capital return) (Note B)	(191,245)	(213,438)
Income available for distribution to Unitholders at end of the year	48,439	48,954
Note A – Net tax and other adjustments comprise:		
- Manager's management fees paid and payable in Units	50,989	50,515
- Trustee's fees	1,263	1,248
- Amortisation of intangible asset and capitalised transaction costs	13,870	19,143
- Share of results of associates	(83,795)	(83,460)
- Share of results of joint ventures	(31,959)	(30,789)
- Effects of recognising rental income on a straight-line basis over the lease terms	1,330	279
- Interest income to be received	(197)	(614)
- Net change in fair value of derivative financial instruments	1,598	(9,018)
- Deferred tax expense	10,955	7,776
- Other gains distribution	–	11,000
- Other items	(14,348)	1,662
	(50,294)	(32,258)
Dividend and distribution income from associates	93,809	86,453
Distribution income from joint ventures	26,336	23,173
Net tax and other adjustments	69,851	77,368
Note B – Total Unitholders' distribution		
- Taxable income	(135,069)	(143,551)
- Tax exempt income	(45,222)	(40,984)
- Other gains	–	(15,905)
- Capital return	(10,954)	(12,998)
	(191,245)	(213,438)

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

Portfolio Statement

As at 31 December 2017

Group

Description of Property	Tenure of land	Term of lease	Remaining term of lease	Location	Existing use	Carrying value 2017 $'000	Carrying value 2016 $'000	Percentage of net assets 2017 %	Percentage of net assets 2016 %
Investment properties in Singapore:									
Bugis Junction Towers	Leasehold	99 years	71.7 years	230 Victoria Street	Commercial	**525,000**	540,000	**10.7**	11.0
Ocean Financial Centre[1]	Leasehold interest	99 years	92.9 years	10 Collyer Quay	Commercial	**2,625,630**	2,627,332	**53.4**	53.6
Investment properties in Australia:									
275 George Street[2]	Freehold[3]	NA	NA	Brisbane	Commercial	**219,300**	213,855	**4.5**	4.4
8 Exhibition Street[4]	Freehold[3]	NA	NA	Melbourne	Commercial	**256,020**	236,910	**5.2**	4.8
311 Spencer Street[5]	Freehold[3]	NA	NA	Melbourne	Under development	**148,920**	–	**3.0**	–
Investment properties, at valuation (Note 3)						**3,774,870**	3,618,097	**76.8**	73.8
Investments in associates and joint ventures, advances to associates (Notes 5, 6 and 8) and intangible asset (Note 9)						**3,616,772**	3,608,829	**73.6**	73.7
Investment properties held by joint ventures:									
8 Chifley Square[6]	Leasehold	99 years	87.3 years	Sydney	Commercial				
David Malcolm Justice Centre[7]	Leasehold	99 years	96.7 years	Perth	Commercial				
Investment properties held by associates:									
One Raffles Quay[8]	Leasehold	99 years	82.4 years	1 Raffles Quay	Commercial				
Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall[9]	Leasehold	99 years	86.8 years	Nos. 8, 8A and 10 Marina Boulevard	Commercial				
Marina Bay Financial Centre Tower 3[10]	Leasehold	99 years	88.2 years	No. 12 Marina Boulevard	Commercial				
Other assets and liabilities (net)						**(2,476,384)**	(2,328,368)	**(50.4)**	(47.5)
Net assets						**4,915,258**	4,898,558	**100.0**	100.0

1 Carrying value is based on 100.0% of Ocean Financial Centre. Keppel REIT owns approximately 99.9% (2016: 99.9%) interest in Ocean Financial Centre.
2 Comprises 50.0% (2016: 50.0%) interest in 275 George Street.
3 Also known as estate in fee simple.
4 Comprises 50.0% (2016: 50.0%) interest in 8 Exhibition Street office building and a 100.0% (2016: 100.0%) interest in another three retail units.
5 Comprises 50.0% (2016: Nil) interest in 311 Spencer Street.
6 Comprises 50.0% (2016: 50.0%) interest in 8 Chifley Square, held through Mirvac 8 Chifley Trust.
7 Comprises 50.0% (2016: 50.0%) interest in David Malcolm Justice Centre, held through Mirvac (Old Treasury) Trust.
8 Comprises one-third (2016: one-third) interest in One Raffles Quay, held through One Raffles Quay Pte Ltd.
9 Comprise one-third (2016: one-third) interest in Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall, held through BFC Development LLP.
10 Comprises one-third (2016: one-third) interest in Marina Bay Financial Centre Tower 3, held through Central Boulevard Development Pte. Ltd.

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

The carrying values of the Group's assets under management as at 31 December 2017 and 31 December 2016 are based on valuations undertaken by various independent valuers. The independent valuers have appropriate professional qualifications and experience in the location and asset class of the properties being valued. The following valuations are determined based on the capitalisation approach, discounted cash flows analysis and direct comparison method, and assessed in accordance with the Group's respective interests in the properties and include rental support top-up payments, where applicable.

FY2017

Property	Independent valuer	Date of valuation	Valuation $'000
Investment properties in Singapore:			
Bugis Junction Towers	Knight Frank Pte Ltd	31 December 2017	**525,000**
Ocean Financial Centre	Cushman & Wakefield VHS Pte Ltd	31 December 2017	**2,623,000**[1]
Investment properties in Australia:			
275 George Street	CBRE Valuations Pty Limited	31 December 2017	**219,300**
8 Exhibition Street, comprising 50% interest in the office building and a 100% interest in another three retail units	m3property (Vic) Pty Ltd	31 December 2017	**256,020**
311 Spencer Street	CIVAS (VIC) Pty Limited	31 December 2017	**148,920**[2]
Investment properties held by associates:			
One Raffles Quay	Colliers International Consultancy & Valuation (Singapore) Pte Ltd	31 December 2017	**1,273,000**
Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall	Colliers International Consultancy & Valuation (Singapore) Pte Ltd	31 December 2017	**1,693,000**
Marina Bay Financial Centre Tower 3	Savills Valuation and Professional Services (S) Pte Ltd	31 December 2017	**1,300,300**
Investment properties held by joint ventures:			
8 Chifley Square	CBRE Valuations Pty Limited	31 December 2017	**247,350**
David Malcolm Justice Centre	Colliers International (WA) Pty Ltd	31 December 2017	**216,750**
			8,502,640

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

Portfolio Statement

FY2016

Property	Independent valuer	Date of valuation	Valuation $'000
Investment properties in Singapore:			
Bugis Junction Towers	Colliers International Consultancy & Valuation (Singapore) Pte Ltd	31 December 2016	**540,000**
Ocean Financial Centre	Savills Valuation and Professional Services (S) Pte Ltd	31 December 2016	**2,627,000**[1]
Investment properties in Australia:			
275 George Street	m3property (Qld) Pty Ltd	31 December 2016	**213,855**
8 Exhibition Street, comprising 50% interest in the office building and a 100% interest in another three retail units	CIVAS (VIC) Pty Limited	31 December 2016	**236,910**
Investment properties held by associates:			
One Raffles Quay	Savills Valuation and Professional Services (S) Pte Ltd	31 December 2016	**1,273,000**
Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall	Savills Valuation and Professional Services (S) Pte Ltd	31 December 2016	**1,693,000**
Marina Bay Financial Centre Tower 3	Colliers International Consultancy & Valuation (Singapore) Pte Ltd	31 December 2016	**1,316,000**
Investment properties held by joint ventures:			
8 Chifley Square	CIVAS (NSW) Pty Limited	31 December 2016	**235,850**
David Malcolm Justice Centre	Colliers International (WA) Pty Ltd	31 December 2016	**219,950**
			8,355,565

1 The carrying value based on 100.0% interest in Ocean Financial Centre is $2,625,630,000. As at 31 December 2016, the carrying value based on 100.0% interest in Ocean Financial Centre, excluding rental support top-up payment, was $2,627,332,000.

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

The investment properties comprise commercial properties that are mainly leased to third party tenants. Generally, these leases contain an initial non-cancellable period of between 2 and 30 years. Subsequent renewals are negotiated with individual lessees.

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

Statements of Movements in Unitholders' Funds

For the financial year ended 31 December 2017

Group	Units in issue $'000	Foreign currency translation reserve $'000	Hedging reserve $'000	Accumulated profits $'000	Discount on acquisition of non-controlling interest $'000	Unitholders' funds $'000	Perpetual securities $'000	Non-controlling interest $'000	Total $'000
	Attributable to Unitholders								
At 1 January 2017	3,456,557	(167,302)	(5,494)	1,459,734	3,222	4,746,717	149,701	2,140	4,898,558
Operations									
Total return attributable to Unitholders and non-controlling interest	–	–	–	172,608	–	172,608	–	76	172,684
Net increase in net assets resulting from operations	–	–	–	172,608	–	172,608	–	76	172,684
Unitholders' transactions									
Creation of Units									
- Payment of management fees in Units	50,822	–	–	–	–	50,822	–	–	50,822
- Distribution Reinvestment Plan	34,307	–	–	(34,307)	–	–	–	–	–
Distribution to Unitholders	(10,954)	–	–	(145,984)	–	(156,938)	–	–	(156,938)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	74,175	–	–	(180,291)	–	(106,116)	–	–	(106,116)
Perpetual securities									
Total return attributable to perpetual securities holders	–	–	–	–	–	–	7,470	–	7,470
Distribution to perpetual securities holders	–	–	–	–	–	–	(7,470)	–	(7,470)
Net movement in net assets resulting from perpetual securities holders' transactions	–	–	–	–	–	–	–	–	–
Net movement in foreign currency translation reserve	–	(34,808)	–	–	–	(34,808)	–	–	(34,808)
Net change in fair value of cash flow hedges	–	–	(15,191)	–	–	(15,191)	–	(4)	(15,195)
Share of net change in fair value of cash flow hedges of associates	–	–	214	–	–	214	–	–	214
Distribution of partnership profits to non-controlling interest	–	–	–	–	–	–	–	(79)	(79)
At 31 December 2017	3,530,732	(202,110)	(20,471)	1,452,051	3,222	4,763,424	149,701	2,133	4,915,258

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

Statements of Movements in Unitholders' Funds

Group	Units in issue $'000	Foreign currency translation reserve $'000	Hedging reserve $'000	Accumulated profits $'000	Discount on acquisition of non-controlling interest $'000	Unitholders' funds $'000	Perpetual securities $'000	Non-controlling interest $'000	Total $'000
	Attributable to Unitholders								
At 1 January 2016	3,394,832	(199,445)	17,429	1,409,983	3,222	4,626,021	149,719	2,108	4,777,848
Operations									
Total return attributable to Unitholders and non-controlling interest	–	–	–	250,191	–	250,191	–	106	250,297
Net increase in net assets resulting from operations	–	–	–	250,191	–	250,191	–	106	250,297
Unitholders' transactions									
Creation of Units									
- Payment of management fees in Units	43,848	–	–	–	–	43,848	–	–	43,848
- Distribution Reinvestment Plan	30,875	–	–	(30,875)	–	–	–	–	–
Distribution to Unitholders	(12,998)	–	–	(169,565)	–	(182,563)	–	–	(182,563)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	61,725	–	–	(200,440)	–	(138,715)	–	–	(138,715)
Perpetual securities									
Issue expenses	–	–	–	–	–	–	(18)	–	(18)
Total return attributable to perpetual securities holders	–	–	–	–	–	–	7,490	–	7,490
Distribution to perpetual securities holders	–	–	–	–	–	–	(7,490)	–	(7,490)
Net decrease in net assets resulting from perpetual securities holders' transactions	–	–	–	–	–	–	(18)	–	(18)
Net movement in foreign currency translation reserve	–	32,143	–	–	–	32,143	–	–	32,143
Net change in fair value of cash flow hedges	–	–	(16,724)	–	–	(16,724)	–	(3)	(16,727)
Share of net change in fair value of cash flow hedges of associates	–	–	(6,199)	–	–	(6,199)	–	–	(6,199)
Distribution of partnership profits to non-controlling interest	–	–	–	–	–	–	–	(71)	(71)
At 31 December 2016	3,456,557	(167,302)	(5,494)	1,459,734	3,222	4,746,717	149,701	2,140	4,898,558

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

Trust	Attributable to Unitholders Units in issue $'000	Hedging reserve $'000	Accumulated profits $'000	Perpetual securities $'000	Total $'000
At 1 January 2017	**3,456,557**	**(132)**	**357,271**	**149,701**	**3,963,397**
Operations					
Total return attributable to Unitholders	–	–	93,088	–	93,088
Net increase in net assets resulting from operations	–	–	93,088	–	93,088
Unitholders' transactions					
Creation of Units					
- Payment of management fees in Units	50,822	–	–	–	50,822
- Distribution Reinvestment Plan	34,307	–	(34,307)	–	–
Distribution to Unitholders	(10,954)	–	(145,984)	–	(156,938)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	74,175	–	(180,291)	–	(106,116)
Perpetual securities					
Total return attributable to perpetual securities holders	–	–	–	7,470	7,470
Distribution to perpetual securities holders	–	–	–	(7,470)	(7,470)
Net movement in net assets resulting from perpetual securities holders' transactions	–	–	–	–	–
Net change in fair value of cash flow hedges	–	(12,422)	–	–	(12,422)
At 31 December 2017	**3,530,732**	**(12,554)**	**270,068**	**149,701**	**3,937,947**
At 1 January 2016	3,394,832	9,594	375,859	149,719	3,930,004
Operations					
Total return attributable to Unitholders	–	–	181,852	–	181,852
Net increase in net assets resulting from operations	–	–	181,852	–	181,852
Unitholders' transactions					
Creation of Units					
- Payment of management fees in Units	43,848	–	–	–	43,848
- Distribution Reinvestment Plan	30,875	–	(30,875)	–	–
Distribution to Unitholders	(12,998)	–	(169,565)	–	(182,563)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	61,725	–	(200,440)	–	(138,715)
Perpetual securities					
Issue expenses	–	–	–	(18)	(18)
Total return attributable to perpetual securities holders	–	–	–	7,490	7,490
Distribution to perpetual securities holders	–	–	–	(7,490)	(7,490)
Net decrease in net assets resulting from perpetual securities holders' transactions	–	–	–	(18)	(18)
Net change in fair value of cash flow hedges	–	(9,726)	–	–	(9,726)
At 31 December 2016	3,456,557	(132)	357,271	149,701	3,963,397

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2017

	Group	
	2017 $'000	2016 $'000
Operating activities		
Total return before tax	197,310	279,093
Adjustments for:		
Interest income	(22,975)	(27,459)
Amortisation expense	11,799	15,312
Share of results of associates	(83,795)	(83,460)
Share of results of joint ventures	(31,959)	(30,789)
Borrowing costs	65,256	64,049
Management fees paid and payable in Units	50,989	50,515
Gain on divestment of investment property	–	(28,299)
Net change in fair value of derivative financial instruments	1,598	(9,018)
Net change in fair value of investment properties	(51,727)	(91,171)
Depreciation	41	44
Rental support	(12,825)	(16,746)
Unrealised currency translation differences	1,919	809
Operating cash flows before changes in working capital	125,631	122,880
(Increase)/decrease in receivables	(5,576)	4,619
Increase/(decrease) in payables	7,161	(6,073)
(Decrease)/increase in security deposits	(580)	807
Cash flows from operations	126,636	122,233
Income taxes paid	(6,671)	(14,054)
Net cash flows provided by operating activities	119,965	108,179
Investing activities		
Purchase of investment property under development	(133,953)	–
Progress payments on investment property under development	(9,409)	–
Subsequent expenditure on investment properties	(14,427)	(2,212)
Purchase of fixed assets	–	(35)
Proceeds from divestment of investment property, net of divestment costs	–	157,233
Interest received	23,392	27,085
Rental support received	13,848	20,331
Dividend and distribution income received from associates	93,809	86,453
Distribution income received from joint ventures	26,336	23,173
Advance to an associate	(2,200)	(2,000)
Net cash flows (used in)/provided by investing activities	(2,604)	310,028
Financing activities		
Loans drawdown	306,168	640,450
Repayment of loans	(334,298)	(656,744)
Proceeds from issuance of medium term notes	75,000	–
Payment of financing expenses/upfront debt arrangement costs	(1,315)	(2,157)
Distribution of partnership profits to non-controlling interest	(79)	(71)
Distribution to Unitholders (net of distribution in Units)	(156,938)	(182,563)
Distribution to perpetual securities holders	(7,470)	(7,490)
Interest paid	(62,468)	(60,737)
Issue expenses	–	(18)
Net cash flows used in financing activities	(181,400)	(269,330)

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

	Group	
	2017 **$'000**	2016 $'000
Net (decrease)/increase in cash and cash equivalents	**(64,039)**	148,877
Cash and cash equivalents at beginning of the year	**253,219**	98,764
Effect of exchange rate changes on cash and cash equivalents	**(2,718)**	5,578
Cash and cash equivalents at end of the year (Note 11)	**186,462**	253,219
Cash and bank balances	**198,158**	278,682
Less: Rental support received in advance held in designated accounts (Note A)	**(11,696)**	(25,463)
Cash and cash equivalents per Consolidated Statement of Cash Flows	**186,462**	253,219

Reconciliation of liabilities arising from financing activities

	As at 1 January 2017 $'000	Net principal drawdown and financing expenses/ upfront debt arrangement costs $'000	Non-cash changes: Amortisation of capitalised transaction costs $'000	Non-cash changes: Foreign exchange movement $'000	As at 31 December 2017 $'000
Borrowings	2,481,754	45,555	2,071	(7,199)	2,522,181

Note A – Rental support received in advance held in designated accounts

As at 31 December 2017, this relates to the rental support top-up payments received in advance by the Group held in designated accounts for the one-third interest in Central Boulevard Development Pte. Ltd. ("CBDPL") which holds MBFC Tower 3. As at 31 December 2016, this also included rental support top-up payments received in advance by the Group held in designated accounts for the approximate 12.39% interest in OPLLP which holds OFC.

Note B – Significant non-cash transactions

The following were the significant non-cash transactions:

(i) 47,360,865 (2016: 43,763,613) Units were issued as payment of management fees to the Manager, amounting to $50,822,000 (2016: $43,848,000); and

(ii) 31,757,174 (2016: 31,728,090) Units were issued pursuant to the Distribution Reinvestment Plan, amounting to $34,307,000 (2016: $30,875,000).

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

Notes to the Financial Statements

For the financial year ended 31 December 2017

These notes form an integral part of the financial statements.

The financial statements of Keppel REIT (the "Trust") and its subsidiaries (the "Group") for the financial year ended 31 December 2017 were authorised for issue by the Manager on 20 February 2018.

1. General

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

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

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

(a) Property management fees

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

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

(i) one month's Gross Rent (base rental income and tenant service charge) or licence fee, as applicable, for securing a tenancy or licence of two years or more;

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

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

The property management fees are payable monthly in arrears.

(b) Manager's management fees

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

(i) a base fee of 0.5% per annum of the value of all the assets for the time being of the Trust or deemed to be held upon the Trust constituted under the Trust Deed ("Deposited Property"); and

(ii) an annual performance fee of 3.0% per annum of the Net Property Income (as defined in the Trust Deed) of the Trust and any Special Purpose Vehicles (as defined in the Trust Deed) after deducting all applicable taxes payable.

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

The base fee component of the Manager's management fees is payable quarterly in arrears. The performance fee component of the Manager's management fees will be paid on an annual basis in arrears, subsequent to the applicable financial year.

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

(c) Trustee's fees

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

2. Summary of significant accounting policies

(a) Basis of preparation

The financial statements of the Group have been prepared in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants. The financial statements have also been prepared in accordance with the applicable requirements of the CIS Code issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed. RAP 7 requires the accounting policies to generally comply with the principles relating to recognition and measurement under the Singapore Financial Reporting Standards ("FRS").

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

(b) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards that are effective for annual periods beginning on or after 1 January 2017. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Trust, except for the following:

Amendments to FRS 7 *Statement of cash flows*

The amendments to FRS 7 *Statement of cash flows (Disclosure initiative)* set out required disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group has included the additional required disclosures in the Consolidated Statement of Cash Flows to the financial statements.

(c) Standards issued but not yet effective

Full convergence with International Financial Reporting Standards ("IFRS") and adoption of new standards

The Accounting Standards Council (Singapore) has introduced a new financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)"), that is identical to the International Financial Reporting Standards issued by the International Accounting Standards Board, for the financial year beginning on or after 1 January 2018. The Monetary Authority of Singapore has granted the Group a waiver from compliance with the requirement under Paragraph 4.3 of Appendix 6 to the Code on Collective Investment Schemes to prepare its financial statements in accordance with the Singapore Financial Reporting Standards.

The Group has adopted SFRS(I) on 1 January 2018 and as a result, the Group's financial statements for the financial year ending 31 December 2018 will be prepared in accordance with SFRS(I).

In adopting SFRS(I), the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. The Group expects that the adoption of SFRS(I) will have no material impact on the financial statements in the year of initial application, other than the election of optional exemption to reset its cumulative foreign currency translation differences for all foreign operations to nil at the date of transition on 1 January 2017. As a result, the Group expects to reclassify cumulative foreign currency translation losses of $167,302,000 from foreign currency translation reserve to accumulated profits as at 1 January 2017. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

In addition to the adoption of SFRS(I), the following SFRS(I) that are relevant to the Group and the Trust are effective on or after the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers*
- SFRS(I) 9 *Financial Instruments*
- SFRS(I) 16 *Leases*

(i) SFRS(I) 15 *Revenue from Contracts with Customers*

SFRS(I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

The core principle of SFRS(I) 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

(c) Standards issued but not yet effective (continued)

(i) SFRS(I) 15 *Revenue from Contracts with Customers* (continued)

Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. More prescriptive guidance has been added in SFRS(I) 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by SFRS(I) 15.

SFRS(I) 15 will take effect from financial years beginning on or after 1 January 2018. In accordance with the requirements of SFRS(I) 1, the Group will adopt SFRS(I) 15 retrospectively.

The Manager anticipates that the adoption of SFRS(I) 15 in future periods will not have a material impact on the financial statements of the Group and of the Trust in the period of their initial adoption.

(ii) SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 introduces new requirements for classification and measurement of financial instruments, impairment of financial assets, and hedge accounting. SFRS(I) 9 also introduces expanded disclosure requirements and changes in presentation. The adoption of SFRS(I) 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

SFRS(I) 9 will take effect from financial years beginning on or after 1 January 2018. The Group plans to elect to apply the short-term exemption under SFRS(I) 1, which exempts the Group from applying SFRS(I) 9 to comparative information.

The Manager anticipates that the adoption of SFRS(I) 9 in future periods will not have a material impact on the financial statements of the Group and of the Trust in the period of their initial adoption.

(iii) SFRS(I) 16 *Leases*

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

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under SFRS(I) 16.

The standard also introduces expanded disclosure requirements and changes in presentation.

SFRS(I) 16 will take effect from financial years beginning on or after 1 January 2019.

The Manager anticipates that the adoption of SFRS(I) 16 in future periods will not have a material impact on the financial statements of the Group and of the Trust in the period of their initial adoption.

(d) Basis of consolidation

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

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

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

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

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

(e) Transactions with non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to Unitholders of the Trust, and is presented separately in the Consolidated Statement of Total Return and within equity in the consolidated Balance Sheet, separately from equity attributable to the Unitholders of the Trust.

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

(f) Functional and foreign currency

(i) Functional currency

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

(ii) Foreign currency transactions and balances

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

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

(iii) Consolidated financial statements

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

(g) Investment properties

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

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

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

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

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

(h) Fixed assets

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

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

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

Computer	3 years
Machinery and equipment	5 years

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

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

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

(i) Subsidiaries

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

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

(j) Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2(k).

(k) Associates and joint ventures

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in associates and joint ventures using the equity method from the date on which the investment becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's or joint venture's total return in the period in which the investment is acquired.

Under the equity method, the investments in associates or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The total return reflects the share of results of the operations of the associates or joint ventures. Distributions or dividends received from associates or joint ventures reduce the carrying amounts of the investments. Where there has been a change recognised in other comprehensive income by the associates or joint ventures, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associates or joint ventures are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal and constructive obligations to make or has made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in associates or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in total return.

The financial statements of the associates and joint ventures are prepared as of the same reporting date as the Trust. Property held for sale is stated at the lower of cost and net realisable value. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group, and adjustments are made for the effects of significant transactions or events that occur between that date and the reporting date of the Trust.

(l) Intangible asset

Intangible asset, which relates to rental support top-up payments, is measured initially at cost, being the fair value as at the date of acquisition. Following initial recognition, intangible asset is measured at cost less any accumulated amortisation and any impairment losses.

Intangible asset with a finite useful life is amortised over the estimated useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible asset with finite useful life is recognised in total return.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in total return when the asset is derecognised.

(m) Impairment of non-financial assets

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in total return, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment losses are also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised previously. Such reversal is recognised in total return.

(n) Financial instruments

Financial assets

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets through profit or loss are recognised immediately as expenses.

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Gains and losses are recognised in total return when the loans and receivables are derecognised or impaired, and through the amortisation process.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in total return.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

(n) Financial instruments (continued)

Financial liabilities

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in total return when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in total return.

(o) Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in total return.

When the cash flow becomes uncollectible, the carrying amount of an impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amount charged to the allowance account is written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in total return.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, and demand deposits, and exclude amounts which are restricted for use.

(q) Unit capital, perpetual securities and issue expenses

Proceeds from issuance of Units are recognised as units in issue in Unitholders' funds and incidental costs directly attributable to the issuance are deducted against Unitholders' funds.

Proceeds from issuance of perpetual securities are recognised in equity and incidental costs directly attributable to the issuance of perpetual securities are deducted against the proceeds from the issue.

(r) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(s) Leases – as lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. The accounting policy for rental income is set out in Note 2(t)(i). Contingent rents are recognised as revenue in the period in which they are earned.

(t) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(i) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

(ii) Interest income

Interest income is recognised using the effective interest method.

(iii) Rental support, dividend income and distribution income

Rental support, dividend income and distribution income are recognised when the Group's right to receive payment is established.

(u) Expenses

(i) Trust expenses

Trust expenses are recognised on an accrual basis.

(ii) Property expenses

Property expenses are recognised on an accrual basis. Included in property expenses are property management fees which are based on the applicable formula stipulated in Note 1(a).

(iii) Manager's management fees

Manager's management fees are recognised on an accrual basis based on the applicable formula stipulated in Note 1(b).

(v) Borrowing costs

Borrowing costs are recognised in the Consolidated Statement of Total Return using the effective interest method except for those costs that are directly attributable to the development of investment properties. These include costs on borrowings acquired specifically for the development of investment properties.

The actual borrowing costs incurred during the period 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.

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

(w) Taxation

(i) Current income tax

Current income tax is the expected tax payable on the taxable income for the year, using tax rates and tax laws enacted or substantively enacted at the reporting date.

Current income tax is recognised as an expense or income in total return, except when it relates to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination.

(ii) Deferred tax

Deferred tax is provided, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which those assets and liabilities are expected to be realised or settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is measured based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Deferred tax is recognised as an expense or income in total return, except when it relates to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination.

(iii) Tax transparency

Pursuant to the Tax Transparency Ruling issued by the Inland Revenue Authority of Singapore ("IRAS"), tax transparency treatment has been granted to the Trust in respect of certain taxable income ("Specified Taxable Income"). Subject to meeting the terms and conditions of the tax ruling which include a distribution of at least 90% of the taxable income of the Trust, the Trust will not be assessed for tax on the portion of its taxable income that is distributed to Unitholders. Any portion of the Trust's taxable income that is not distributed to Unitholders will be taxed at the prevailing corporate tax rate.

In the event that there are subsequent adjustments to the taxable income when the actual taxable income of the Trust is finally agreed with the IRAS, such adjustments are taken up as adjustments to the amount to be distributed for the next distribution following the agreement with the IRAS.

Subject to the terms and conditions of the Tax Transparency Ruling, the Trust will not be taxed on Specified Taxable Income distributed to the Unitholders in the year in which the income was derived. Instead, the Trust will undertake to deduct income tax at the prevailing corporate tax rate on the distributions made to the Unitholders out of such Specified Taxable Income except:

a) where the beneficial owner is a Qualifying Unitholder (as defined herein), distributions will be made to such Unitholder without deducting any income tax; and
b) where the beneficial owner is a Qualifying Foreign Non-Individual Unitholder (as defined herein), income tax will be deducted at a reduced rate of 10% from the distributions made up to 31 March 2020, unless otherwise extended.

A Qualifying Unitholder is a Unitholder who is:

a) an individual; or
b) a company incorporated and tax resident in Singapore;
c) a Singapore branch of a company incorporated outside Singapore;
d) a non-corporate entity (excluding partnerships) constituted or registered in Singapore including:
    - institutions, authorities, persons or funds specified in the First Schedule to the Income Tax Act, Chapter 134 of Singapore;
    - co-operative societies registered under the Co-operative Societies Act, Chapter 62 of Singapore;
    - trade unions registered under the Trade Unions Act, Chapter 333 of Singapore;
    - charities registered under the Charities Act, Chapter 37 of Singapore or established by an Act of Parliament; and
    - town councils; or

e) an international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Cap. 145).

A Qualifying Foreign Non-Individual Unitholder is a person other than an individual not resident in Singapore for Singapore income tax purposes and:

a) who does not have a permanent establishment in Singapore; or
b) who carries on an operation in Singapore through a permanent establishment in Singapore, where the funds used by that person to acquire the units are not obtained from that operation.

The above tax transparency ruling does not apply to gains from sale of real estate properties. Such gains, if they are considered as trading gains, are assessable to tax on the Trust. Where the gains are capital gains, the Trust will not be assessed to tax and may distribute the capital gains to Unitholders without having to deduct tax at source.

Any distributions made by the Trust to the Unitholders out of tax-exempt income and taxed income would be exempt from Singapore income tax in the hands of all Unitholders, regardless of their corporate or residence status.

(iv) Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

a) Where the sales tax incurred on a purchase of asset or service is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
b) Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables on the Balance Sheets.

(x) Portfolio reporting

For management purposes, the Group is organised into operating segments based on individual investment property within the Group's portfolio, and prepares financial information on a property by property basis. The properties are independently managed by property managers who are responsible for the performance of the property under their charge. Discrete financial information is provided to the Board on a property by property basis. The Board regularly reviews this information in order to allocate resources to each property and to assess the property's performance.

(y) Derivative financial instruments and hedge accounting

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when fair value is negative.

Gains or losses arising from the changes in fair value of derivative financial instruments that do not qualify for hedge accounting are taken to total return.

The Group applies hedge accounting for certain hedging transactions which qualify for hedge accounting.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

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.

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

(y) Derivative financial instruments and hedge accounting (continued)

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in hedging reserve in Unitholders' funds, while any ineffective portion is recognised immediately in total return.

Amounts recognised in hedging reserve in Unitholders' funds are transferred to total return when the hedge transaction affects total return, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in hedging reserve in Unitholders' funds is transferred to total return. If the hedging instrument has expired or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in hedging reserve in Unitholders' funds remains in Unitholders' funds until the forecast transaction or firm commitment affects total return.

The Group uses interest rate swaps to hedge its exposure to interest rate risk for bank loans with floating interest rates. Details of the interest rate swaps are disclosed in Note 13.

The Group uses forward currency contracts to hedge foreign currency risk arising from the cash flows of its investment properties in Australia. Details of the forward currency contracts are disclosed in Note 13.

(z) Significant accounting judgements and estimates

The preparation of the financial statements in conformity with RAP 7 requires the Manager to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income, expenses and disclosures made. The estimates and associated assumptions are based on historical experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates and underlying assumptions are reviewed on an on-going basis. Financial impact arising from revisions to accounting estimates is recognised in the period in which the estimates are revised and in any future periods affected.

In particular, significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

Valuation of investment properties

Investment properties are stated at fair value, with changes in fair value recognised in total return. The Group engaged independent professional valuers to determine fair value as at the financial year-end.

The fair value of investment properties held by the Group and through its associates and joint ventures is determined by independent real estate valuation experts using approved valuation methodologies. In determining the fair value, the valuers have used valuation methods which involve estimates and discount rates applicable to those assets. The Manager is satisfied that the valuation methods and estimates are reflective of current market conditions. The determined fair value of the investment properties is most sensitive to the estimated yield as well as the vacancy assumptions. Specific assumptions and estimates are disclosed in Note 29.

3. Investment properties

Group	Completed investment properties $'000	Investment property under development $'000	Total $'000
2017			
At 1 January	3,618,097	–	3,618,097
Translation differences	(18,694)	(5,926)	(24,620)
Purchase of investment property	–	133,953	133,953
Progress payments on investment property under development	–	9,409	9,409
Capitalised expenditure	2,794	11,633	14,427
Net change in fair value of investment properties (Note 23)	23,753	(149)	23,604
At 31 December	3,625,950	148,920	3,774,870
2016			
At 1 January	3,691,073	–	3,691,073
Translation differences	16,905	–	16,905
Divestment of investment property	(128,520)	–	(128,520)
Capitalised expenditure	2,212	–	2,212
Net change in fair value of investment properties (Note 23)	36,427	–	36,427
At 31 December	3,618,097	–	3,618,097

Trust	Completed investment properties $'000	Investment property under development $'000	Total $'000
2017			
At 1 January	540,000	–	540,000
Capitalised expenditure	351	–	351
Net change in fair value of investment properties	(15,351)	–	(15,351)
At 31 December	525,000	–	525,000
2016			
At 1 January	550,000	–	550,000
Capitalised expenditure	706	–	706
Net change in fair value of investment properties	(10,706)	–	(10,706)
At 31 December	540,000	–	540,000

Investment properties are stated at fair value based on valuations performed by independent valuers. In determining the fair value, the valuers have used the direct comparison method, capitalisation approach and discounted cash flows analysis which make reference to estimated market rental values and equivalent yields. The key assumptions used to determine the fair value of investment properties include, amongst others, market-corroborated capitalisation yields, discount rates and transacted prices of comparable properties. Details of valuation techniques and inputs used are disclosed in Note 29.

Included in capitalised expenditure for investment property under development are capitalised borrowing costs amounting to $564,000 (2016: nil).

On 31 July 2017, the Group acquired a 50% interest in an office tower under development at 311 Spencer Street for an aggregate consideration of approximately $362,400,000.

On 29 January 2016, the Group divested its interest in 77 King Street office tower for an aggregate consideration of approximately $163,200,000. The Group recognised a gain on divestment of $28,299,000.

The Group has mortgaged certain investment properties of up to an aggregate principal amount of $525,000,000 (2016: $540,000,000) as security for credit facilities granted (Note 15).

Notes to the Financial Statements

4. Investments in subsidiaries

	Trust 2017 $'000	Trust 2016 $'000
Unquoted equity, at cost	**1,837,110**	1,837,110

Name	Country of incorporation/ constitution	Principal activities	Effective equity interest 2017 %	Effective equity interest 2016 %
Held by the Trust				
Keppel REIT MTN Pte. Ltd.[1]	Singapore	Provision of treasury services	**100.00**	100.00
Keppel REIT (Australia) Pte. Ltd.[1]	Singapore	Investment holding	**100.00**	100.00
Keppel REIT Fin. Company Pte. Ltd.[1]	Singapore	Provision of treasury services	**100.00**	100.00
Ocean Properties LLP ("OPLLP") [1, 4]	Singapore	Property investment	**~99.90** [4]	~99.90 [4]
Held through Keppel REIT (Australia) Pte. Ltd.				
Keppel REIT (S) Limited [2]	Bermuda	Investment holding	**100.00**	100.00
Keppel REIT (Australia) Trust [3]	Australia	Property investment	**100.00**	100.00
Keppel REIT (Australia) Sub-Trust 1 [3]	Australia	Property investment	**100.00**	100.00
Keppel REIT (Australia) Sub-Trust 2 [3]	Australia	Investment holding	**100.00**	100.00
Keppel REIT (Australia) Sub-Trust 3 [3]	Australia	Investment holding	**100.00**	100.00
Keppel REIT (Australia) Sub-Trust 4 [3]	Australia	Property investment	**100.00**	100.00
Keppel REIT (Australia) Sub-Trust 5 [3]	Australia	Property investment	**100.00**	100.00

1 Audited by PricewaterhouseCoopers LLP, Singapore.

2 There is no statutory requirement for the financial statements of Keppel REIT (S) Limited to be audited.

3 Audited by PricewaterhouseCoopers, Australia.

4 OPLLP owns Ocean Financial Centre. For the approximate 87.51% equity interest in OPLLP which the Trust acquired on 14 December 2011 for a period of 99 years from Straits Property Investments Pte Ltd ("SPIPL"), the Trust granted a call option under an option deed to SPIPL for the right to acquire the approximate 87.51% equity interest in OPLLP for $1.00 at the expiry of the 99-year period after the acquisition date. Under the option deed, the Trust shall not dispose of its legal or beneficial interest in OPLLP to any person unless SPIPL's right of first refusal has lapsed. In addition, if any of certain specified events occur anytime during the 99 years after the acquisition date, SPIPL has the right to procure OPLLP to take the necessary steps to carve out and transfer a leasehold title of the remaining tenure to a special purpose vehicle owned by SPIPL and the non-controlling interest.

On 25 June 2012, the Trust acquired an additional equity interest in OPLLP of approximately 12.39% from a third party, Avan Investment Pte Ltd ("AIPL") for a period of 99 years from 14 December 2011. This acquisition increased the Group's interest in OPLLP from an approximate 87.51% to an approximate 99.90%. AIPL continues to hold a remaining equity interest of approximate 0.10% in OPLLP (the "non-controlling interest"). The Trust also entered into an option deed pursuant to which AIPL shall have the right to acquire the approximate 12.39% interest in OPLLP for $1.00, such option to be exercisable only after the expiry of a period of 99 years after 14 December 2011.

5. Investments in associates

	Group		Trust	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Unquoted equity, at cost	**2,025,559**	2,025,483	**2,025,559**	2,025,483
Share of post-acquisition reserves	**502,283**	499,629	**–**	–
	2,527,842	2,525,112	**2,025,559**	2,025,483

The movement in share of post-acquisition reserves is as follows:

	Group	
	2017 $'000	2016 $'000
At 1 January	**499,629**	472,315
Share of results of associates		
- Total return excluding net change in fair value of investment properties	**83,795**	83,460
- Net change in fair value of investment properties (Note 23)	**10,627**	34,079
- Effects of recognising rental income on a straight-line basis over the lease terms	**1,827**	2,427
	96,249	119,966
Share of net change in fair value of cash flow hedges	**214**	(6,199)
Dividend and distribution income received	**(93,809)**	(86,453)
At 31 December	**502,283**	499,629

Details of the associates are as follows:

Name	Country of incorporation	Principal activities	Effective equity interest	
			2017 %	2016 %
One Raffles Quay Pte Ltd [1]	Singapore	Property development and investment	**33.33**	33.33
BFC Development LLP [2]	Singapore	Property development and investment	**33.33**	33.33
Central Boulevard Development Pte. Ltd. [3]	Singapore	Property development and investment	**33.33**	33.33

1 Audited by Ernst & Young LLP, Singapore.
One Raffles Quay Pte Ltd ("ORQPL") is the owner of One Raffles Quay.

2 Audited by Ernst & Young LLP, Singapore.
BFC Development LLP ("BFCDLLP") is the owner of Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall.

3 Audited by Ernst & Young LLP, Singapore.
Central Boulevard Development Pte. Ltd. ("CBDPL") is the owner of Marina Bay Financial Centre Tower 3.

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.

Notes to the Financial Statements

5. Investments in associates (continued)

The summarised financial information of the associates, excluding CBDPL's interest in MBSPL, and a reconciliation with the carrying amounts of the investments in the consolidated financial statements, are as follows:

	ORQPL		BFCDLLP		CBDPL	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000	**2017 $'000**	2016 $'000
Summarised Balance Sheet						
Current assets (including property held for sale)	**1,450,453**	1,455,356	**18,446**	17,478	**21,669**	42,721
Non-current assets	**1,689,104**	1,627,305	**5,048,188**	5,048,195	**3,820,122**	3,849,040
Total assets	**3,139,557**	3,082,661	**5,066,634**	5,065,673	**3,841,791**	3,891,761
Current liabilities	**(44,998)**	(43,299)	**(30,064)**	(36,600)	**(31,830)**	(33,039)
Non-current liabilities	**(1,073,217)**	(1,076,512)	**(1,740,733)**	(1,735,115)	**(1,652,853)**	(1,649,204)
Total liabilities	**(1,118,215)**	(1,119,811)	**(1,770,797)**	(1,771,715)	**(1,684,683)**	(1,682,243)
Net assets	**2,021,342**	1,962,850	**3,295,837**	3,293,958	**2,157,108**	2,209,518
Proportion of the Group's ownership	**33.33%**	33.33%	**33.33%**	33.33%	**33.33%**	33.33%
Group's share of net assets	**673,781**	654,283	**1,098,612**	1,097,986	**719,036**	736,506
Other adjustments	**13,734**	13,734	**7,000**	7,000	**15,679**	15,603
Carrying amount of the investment	**687,515**	668,017	**1,105,612**	1,104,986	**734,715**	752,109
Summarised Statement of Comprehensive Income						
Property income	**158,146**	162,344	**202,804**	227,443	**148,071**	143,958
Total return for the year	**139,816**	94,934	**109,697**	146,152	**39,234**	118,813
Other comprehensive income	**(846)**	(5,892)	**–**	–	**1,488**	(12,705)
Total comprehensive income	**138,970**	89,042	**109,697**	146,152	**40,722**	106,108

6. Investments in joint ventures

	Group	
	2017 $'000	2016 $'000
Unquoted equity, at cost	**345,286**	353,477
Share of post-acquisition reserves	**119,810**	96,807
	465,096	450,284

The movement in share of post-acquisition reserves is as follows:

	Group	
	2017 $'000	2016 $'000
At 1 January	**96,807**	68,165
Share of results of joint ventures		
- Total return excluding net change in fair value of investment properties	**31,959**	30,789
- Net change in fair value of investment properties (Note 23)	**26,462**	30,750
- Effects of recognising rental income on a straight-line basis over the lease terms	**(4,219)**	(12,018)
	54,202	49,521
Translation differences	**(4,634)**	3,283
Distribution received/receivable	**(26,565)**	(24,162)
At 31 December	**119,810**	96,807

Details of the joint ventures are as follows:

Name	Country of incorporation	Principal activities	Effective equity interest	
			2017 %	2016 %
Held through Keppel REIT (S) Limited				
Mirvac 8 Chifley Pty Limited [1]	Australia	Fund administration	**50.00**	50.00
Mirvac (Old Treasury) Pty Limited [1]	Australia	Fund administration	**50.00**	50.00
Held through Keppel REIT (Australia) Sub-Trust 2				
Mirvac 8 Chifley Trust ("M8CT") [2]	Australia	Investment in real estate properties	**50.00**	50.00
Held through Keppel REIT (Australia) Sub-Trust 3				
Mirvac (Old Treasury) Trust ("MOTT") [2]	Australia	Investment in real estate properties	**50.00**	50.00

1 There is no statutory requirement for the financial statements to be audited.
2 Audited by PricewaterhouseCoopers, Australia.

Notes to the Financial Statements

6. Investments in joint ventures (continued)

The summarised financial information of the joint ventures and a reconciliation with the carrying amounts of the investments in the consolidated financial statements, are as follows:

	M8CT		MOTT	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Summarised Balance Sheet				
Cash and bank balances	**2,678**	1,036	**5,420**	5,031
Other current assets	**3,559**	3,065	**6,197**	3,540
Non-current assets	**487,904**	464,635	**428,055**	433,844
Total assets	**494,141**	468,736	**439,672**	442,415
Current liabilities	**(5,985)**	(3,803)	**(9,878)**	(9,805)
Total liabilities	**(5,985)**	(3,803)	**(9,878)**	(9,805)
Net assets	**488,156**	464,933	**429,794**	432,610
Proportion of the Group's ownership	**50.00%**	50.00%	**50.00%**	50.00%
Group's share of net assets	**244,078**	232,467	**214,897**	216,305
Other adjustments	**3,399**	(6,562)	**2,722**	8,074
Carrying amount of the investment	**247,477**	225,905	**217,619**	224,379
Summarised Statement of Total Return				
Property income	**32,916**	32,142	**42,247**	40,208
Interest income	**–**	3	**52**	75
Total return for the year	**68,388**	58,772	**40,016**	40,269

7. Amounts owing by subsidiaries (non-trade)

	Trust	
	2017 $'000	2016 $'000
Interest bearing	**563,458**	525,505
Non-interest bearing	**314,515**	327,145
	877,973	852,650

The amounts owing by subsidiaries are unsecured, to be settled in cash and not expected to be repaid within the next 12 months. The interest bearing portions bear interest ranging from 5.2% to 9.5% (2016: 7.0% to 9.5%) per annum.

The amounts owing by subsidiaries as at 31 December 2017 and 31 December 2016 are denominated in Australian dollar.

The non-interest bearing amounts owing by subsidiaries are considered part of the Trust's net investment in these subsidiaries and are accordingly accounted for in accordance with Note 2(i).

8. Advances to associates

Advances to associates are unsecured, not expected to be repaid within the next 12 months and carry interest which is repriced every quarter at a margin above the 3-month S$ swap-offer rate ("SOR"). They bore interest ranging from 3.00% to 4.54% (2016: 2.86% to 5.18%) per annum during the year.

The advances to associates are denominated in Singapore dollar.

9. Intangible asset

	Group		Trust	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Cost:				
At 1 January	**66,093**	199,420	**46,622**	46,622
Write-off	**(19,471)**	(133,327)	**–**	–
At 31 December	**46,622**	66,093	**46,622**	46,622
Accumulated amortisation:				
At 1 January	**43,582**	161,597	**26,151**	14,022
Amortisation expense	**11,799**	15,312	**9,759**	12,129
Write-off	**(19,471)**	(133,327)	**–**	–
At 31 December	**35,910**	43,582	**35,910**	26,151
Net carrying amount:				
At 31 December	**10,712**	22,511	**10,712**	20,471

Intangible asset represents the unamortised aggregate rental support top-up payments receivable by the Group for its one-third interest in CBDPL (2016: one-third interest in CBDPL and the approximate 12.39% interest in OPLLP). The remaining rental support period is approximately 2 years (2016: range from 1 to 3 years). The write-off of intangible asset pertained to fully amortised rental support top-up payments.

Notes to the Financial Statements

10. Trade and other receivables

	Group		Trust	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Trade receivables	**5,838**	6,916	**576**	651
Amounts due from subsidiaries (non-trade)	**–**	–	**10,927**	5,963
Amounts due from related companies (trade)	**174**	–	**174**	–
Amounts due from joint ventures (non-trade)	**2,138**	2,065	**–**	–
Interest receivable	**197**	614	**184**	84
Rental support receivable	**–**	1,023	**–**	1,023
Others	**272**	44	**259**	–
	8,619	10,662	**12,120**	7,721

Amounts due from subsidiaries, related companies and joint ventures are unsecured, interest-free, repayable on demand and are to be settled in cash.

Trade and other receivables for the Group and the Trust, denominated in currencies other than the respective entities' functional currencies, amounted to $28,000 (2016: nil) and $1,119,000 (2016: nil) respectively. These balances are denominated in Australian dollar.

Receivables that are past due but not impaired

	Group		Trust	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Trade receivables past due but not impaired:				
Past due < 3 months	**2,058**	2,268	**–**	–
Past due 3 - 6 months	**28**	70	**–**	–
Past due > 6 months	**59**	105	**–**	–
	2,145	2,443	**–**	–

Analysis of allowance for doubtful debts

	Group		Trust	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
At 1 January	**–**	(40)	**–**	–
Charge for the year	**–**	(2)	**–**	–
Write-off against allowance	**–**	42	**–**	–
At 31 December	**–**	–	**–**	–

11. Cash and bank balances

	Group		Trust	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Cash and bank balances	**98,647**	83,270	**64,312**	68,796
Fixed deposits	**99,511**	195,412	**91,511**	73,152
	198,158	278,682	**155,823**	141,948
Less: Rental support received in advance held in designated accounts	**(11,696)**	(25,463)	**(11,696)**	(25,463)
Cash and cash equivalents	**186,462**	253,219	**144,127**	116,485

Cash at banks earned interest at floating rates based on daily bank deposit rates ranging from 0% to 1.60% (2016: 0% to 2.25%) per annum. Short-term deposits were made for varying periods of between 32 days and 181 days (2016: 25 days and 182 days) depending on the cash requirements of the Group, and earned interest at the respective short-term deposit rates. The interest rates of short-term deposits ranged from 1.10% to 1.70% (2016: 0.15% to 2.90%) per annum.

Cash and bank balances for both the Group and the Trust, denominated in currencies other than the respective entities' functional currencies, amounted to $45,584,000 (2016: $40,272,000). These balances are denominated in Australian dollar.

12. Trade and other payables

	Group		Trust	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Trade payables	**3,278**	4,373	**1,379**	1,779
Accrued expenses	**14,506**	10,246	**4,613**	3,894
Other payables	**12,565**	11,959	**7,000**	7,000
Amounts due to related companies:				
- trade	**20,129**	20,015	**19,739**	19,633
- non-trade	**–**	18	**1,454**	1,588
Other deposits	**451**	412	**55**	44
Interest payable	**5,522**	4,805	**665**	702
	56,451	51,828	**34,905**	34,640

Other payables mainly relate to (i) estimated development costs of $3,751,000 (2016: $3,751,000) to complete Phase 2 of Ocean Financial Centre of which the Group's proportionate share was withheld from the purchase consideration for the approximate 99.9% equity interest in OPLLP, (ii) estimated construction costs of $7,000,000 (2016: $7,000,000) withheld from the purchase consideration for the acquisition of the one-third interest in BFCDLLP.

Included in the trade amounts due to related companies are amounts due to the Property Manager of $390,000 (2016: $484,000) and the Manager of $19,738,000 (2016: $19,531,000).

Amounts due to related companies are unsecured, interest-free and repayable on demand. These amounts are to be settled in cash except for management fees payable to the Manager which will be settled in the form of cash and/or Units (Note 1(b)).

Trade and other payables for both the Group and the Trust, denominated in currencies other than the respective entities' functional currencies, amounted to $351,000 (2016: nil). These balances are denominated in Australian dollar.

Notes to the Financial Statements

13. Derivative financial instruments

		Group					
		2017 $'000			2016 $'000		
	Maturity	Contract/ Nominal Amount	Assets	Liabilities	Contract/ Nominal Amount	Assets	Liabilities
Forward currency contracts	2018	21,865	1,175	–	35,226	99	(977)
Interest rate swaps	2018 – 2023	2,727,000	22	(17,765)	2,037,000	9,727	(7,821)
Cross currency swap	2021	99,790	4,190	–	99,790	8,435	–
		2,848,655	5,387	(17,765)	2,172,016	18,261	(8,798)
Less: Current portion		(716,865)	(1,197)	1,748	(495,226)	(245)	1,483
Non-current portion		2,131,790	4,190	(16,017)	1,676,790	18,016	(7,315)
Percentage of derivative financial instruments to the Group's net asset value				(0.25%)			0.19%

		Trust					
		2017 $'000			2016 $'000		
	Maturity	Contract/ Nominal Amount	Assets	Liabilities	Contract/ Nominal Amount	Assets	Liabilities
Forward currency contracts	2018	21,865	1,175	–	35,226	99	(977)
Interest rate swaps	2018 – 2023	1,950,000	–	(15,545)	1,560,000	7,919	(6,591)
Cross currency swap	2021	99,790	4,190	–	99,790	8,435	–
		2,071,655	5,365	(15,545)	1,695,016	16,453	(7,568)
Less: Current portion		(316,865)	(1,175)	1,134	(195,226)	(99)	1,281
Non-current portion		1,754,790	4,190	(14,411)	1,499,790	16,354	(6,287)
Percentage of derivative financial instruments to the Trust's net asset value				(0.26%)			0.22%

Forward currency contracts

Forward currency contracts are used to hedge foreign currency risk arising from the cash flows of the Group's investments in Australia.

The Group designates these forward currency contracts as cash flow hedges which were assessed to be highly effective. A net unrealised gain of $2,053,000 (2016: net unrealised loss of $1,082,000) was included in hedging reserve in Unitholders' funds in respect of these contracts.

Interest rate swaps

Interest rate swaps are used to hedge interest rate risk arising from the underlying floating interest rates of the respective bank loans. Under the interest rate swaps, the Group receives floating interest equal to SOR and A$ bank bill swap bid rate ("BBSY") at specific contracted intervals and pays fixed rates of interest ranging from 0.88% to 2.48% (2016: 0.88% to 2.48%) per annum.

The Group designates most interest rate swaps as cash flow hedges which were assessed to be highly effective. A net unrealised loss of $17,244,000 (2016: net unrealised loss of $15,642,000) was included in hedging reserve in Unitholders' funds in respect of these contracts. A fair value loss of $2,399,000 (2016: fair value gain of $583,000) was recognised in total return as the interest rate swap was not designated as a hedging instrument.

Cross currency swap

Cross currency swap is used to hedge foreign currency risk arising from cash flow payments for an Australian dollar denominated loan. Under the cross currency swap, the Group receives a fixed S$ amount and pays a fixed A$ amount at inception of the loan, and vice versa upon maturity of the loan. The Group receives floating interest equal to A$ bank bill swap rate ("BBSW") at specific contract intervals and pays floating interest equal to SOR. A fair value loss of $4,245,000 (2016: gain of $8,435,000) was recognised in total return as the cross currency swap was not designated as a hedging instrument.

14. Income received in advance

Income received in advance comprises mainly rental support and rental income received in advance for certain of the Group's investment properties.

15. Borrowings

		Group		Trust	
	Maturity	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Current:					
Bank loans (unsecured)	2018	425,039	–	99,967	–
Non-current:					
Revolving loans (secured)	2020	194,656	348,201	194,656	348,201
Borrowings (secured)		194,656	348,201	194,656	348,201
Bank loans (unsecured)	2019 - 2022	1,349,948	2,080,312	59,883	159,740
Revolving loans (unsecured)	2022	427,538	3,241	–	–
Medium term notes (unsecured)	2022 - 2024	125,000	50,000	–	–
Borrowings from subsidiaries (unsecured)		–	–	1,702,382	1,507,960
Borrowings (unsecured)		1,902,486	2,133,553	1,762,265	1,667,700
Total borrowings		2,522,181	2,481,754	2,056,888	2,015,901
Percentage of total borrowings to net asset value		51.3%	50.7%	52.2%	50.9%

Borrowings for both the Group and the Trust denominated in currencies other than the respective entities' functional currencies amounted to $181,651,000 (2016: $132,084,000). These balances are denominated in Australian dollar.

For the current portion of borrowings, the Group has received commitments from banks to refinance these borrowings when they fall due.

Revolving loans (secured)
Revolving loans amounting to $194,656,000 (2016: $348,201,000) are secured by mortgage over certain investment properties of the Group (Note 3). The interest rate is at 0.80% + SOR (2016: 0.80% + SOR) per annum. The loans are repayable upon maturity. The Group has entered into interest rate swaps (Note 13) to hedge $194,656,000 (2016: $239,761,000) of the bank loans that are on floating interest rates.

Bank loans (unsecured)
Bank loans amounting to $154,925,000 (2016: $154,770,000) are on a fixed interest rate of 1.85% (2016: 1.85%) per annum and are repayable upon maturity. The Group has entered into interest rate swaps (Note 13) to hedge $1,403,600,000 (2016: $1,632,198,000) of the bank loans that are on floating interest rates. The remaining bank loans of $216,462,000 (2016: $293,344,000) are on floating interest rates and bear interest ranging from 0.64% + SOR to 1.02% + BBSW (2016: 0.64% + SOR to 1.02% + BBSW) per annum.

Revolving loans (unsecured)
Revolving loans bear interest ranging from 0.88% + SOR to 1.20% + BBSW (2016: 0.99% + SOR) per annum. The Group has entered into interest rate swaps (Note 13) to hedge $273,990,000 (2016: nil) of the revolving loans that are on floating interest rates.

Notes to the Financial Statements

15. Borrowings (continued)

Medium term notes (unsecured)
On 11 February 2015, Keppel REIT MTN Pte. Ltd. issued $50,000,000 of medium term notes due in 2022 through the multicurrency debt issuance programme, at a fixed coupon rate of 3.15% per annum.

On 6 April 2017, Keppel REIT MTN Pte. Ltd. issued $75,000,000 of medium term notes due in 2024 through the multicurrency debt issuance programme, at a fixed coupon rate of 3.275% per annum.

Borrowings from subsidiaries (unsecured)
Borrowings from subsidiaries bear interest ranging from 1.36% to 3.36% (2016: 1.09% to 3.36%) per annum and are not due for repayment within the next 12 months.

Unutilised available facilities
As at 31 December 2017, the Group had unutilised facilities of $871,368,000 (2016: $683,239,000) available to meet its future obligations.

16. Deferred tax liabilities

Movement in deferred tax liabilities is as follows:

	Group		Trust	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Investment properties				
At 1 January	**34,808**	25,767	**–**	–
Translation differences	**(1,737)**	1,265	**–**	–
Tax charged to Consolidated Statement of Total Return	**10,955**	7,776	**–**	–
At 31 December	**44,026**	34,808	**–**	–

Deferred tax liabilities are expected to be settled after one year from the balance sheet date.

17. Units in issue and perpetual securities

(a) Units in issue

	Group and Trust			
	2017		2016	
	'000	**$'000**	'000	$'000
At 1 January	**3,291,616**	**3,456,557**	3,216,124	3,394,832
Issue of Units:				
- Payment of management fees in Units	**47,361**	**50,822**	43,764	43,848
- Distribution Reinvestment Plan ("DRP")	**31,757**	**34,307**	31,728	30,875
Distribution to Unitholders	**–**	**(10,954)**	–	(12,998)
At 31 December	**3,370,734**	**3,530,732**	3,291,616	3,456,557

During the year, the following Units were issued:

- 47,360,865 (2016: 43,763,613) Units were issued at unit prices ranging from $1.0152 to $1.1723 (2016: $0.9309 to $1.0866) as payment of management fees to the Manager; and
- 31,757,174 (2016: 31,728,090) Units were issued at unit prices ranging from $1.0004 to $1.1635 (2016: $0.8695 to $1.0859) pursuant to the DRP where Unitholders have the option to receive their distribution in Units instead of cash or a combination of Units and cash.

Each Unit represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- receive income and other distributions attributable to the Units held;
- participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to transfer to it any assets (or part thereof) or of any estate or interest in any asset (or part thereof) of the Trust; and
- attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or Unitholders representing not less than 10% of the issued Units of the Scheme) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed.

The restrictions of a Unitholder include, *inter alia*, the following:

- a Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and
- a Unitholder has no right to request the Manager to repurchase or redeem his or her Units while the Units are listed on SGX-ST.

The Trust Deed contains provisions designed to limit the liability of a Unitholder to the amount paid or payable for any Unit, and to ensure that no Unitholder, by reason alone of being a Unitholder, will be personally liable to indemnify the Trustee or any creditor of the Group in the event that the liabilities of the Group exceed its assets, if the issue price of the Units held by that Unitholder has been fully paid.

(b) Perpetual securities

On 2 November 2015, the Trust issued $150,000,000 of subordinated perpetual securities at a fixed rate of 4.98% per annum, with the first distribution rate reset falling on 2 November 2020 and subsequent resets occurring every five years thereafter. The perpetual securities have no fixed redemption date and redemption is at the option of the Trust in accordance with the terms of issue of the securities. The distribution is payable semi-annually at the discretion of the Trust and is non-cumulative.

In terms of distribution payments or in the event of winding-up of the Trust:

- These perpetual securities rank pari passu with the holders of preferred units (if any) and rank ahead of the Unitholders of the Trust, but junior to the claims of all other present and future creditors of the Trust.
- The Trust shall not declare or pay any distribution to the Unitholders, or make redemption, unless the Trust declares or pays any distribution to the perpetual securities holders.

These perpetual securities are classified as equity instruments and recorded in equity in the Statements of Movements in Unitholders' Funds. The $149,701,000 (2016: $149,701,000) presented on the Balance Sheets represent the $150,000,000 (2016: $150,000,000) perpetual securities issued net of issue expenses, and include the total return attributable to perpetual securities holders from the last distribution date.

Notes to the Financial Statements

18. Property income

	Group	
	2017 $'000	2016 $'000
Gross rent	152,864	154,508
Car park income	3,849	3,355
Others	7,803	3,389
	164,516	161,252

19. Property expenses

	Group	
	2017 $'000	2016 $'000
Property tax	11,057	11,004
Property management fee	4,157	4,139
Property management reimbursements	1,898	1,894
Marketing expenses	1,447	1,386
Utilities	2,859	3,190
Maintenance	10,690	9,836
Other property expenses	1,208	1,433
	33,316	32,882

20. Rental support

Rental support relates to top-up payments from vendors in respect of the Group's one-third interest in CBDPL, which holds MBFC Tower 3, and the approximate 12.39% interest in OPLLP, which holds OFC.

21. Trust expenses

	Group	
	2017 $'000	2016 $'000
Manager's base fees	42,097	41,605
Manager's performance fees	8,892	8,910
Trustees' fees	1,647	1,570
Valuation fees	344	234
Auditor's remuneration	275	266
Professional fees	781	1,584
Other trust expenses	2,422	3,324
	56,458	57,493

For the financial years ended 31 December 2017 and 2016, the Manager has elected to receive 100% of base fees and performance fees earned in Units.

22. Borrowing costs

	Group 2017 $'000	Group 2016 $'000
Interest expense on:		
- bank loans	51,099	59,420
- revolving loans	12,086	798
Amortisation of capitalised transaction costs	2,071	3,831
	65,256	64,049

23. Net change in fair value of investment properties

	Group 2017 $'000	Group 2016 $'000
Investment properties held directly by the Group (Note 3)	23,604	36,427
Investment properties held by associates (Note 5)	10,627	34,079
Investment properties held by joint ventures (Note 6)	26,462	30,750
Effects of recognising rental income on a straight-line basis over the lease terms	(8,966)	(10,085)
	51,727	91,171

24. Income tax expense

	Group 2017 $'000	Group 2016 $'000
Singapore current tax:		
- current year	1,899	2,423
- (over)/under provision in respect of previous financial years	(80)	1,627
Overseas deferred tax:		
- current year	10,955	7,776
Overseas withholding tax:		
- current year	4,382	9,480
	17,156	21,306
Reconciliation of effective tax:		
Total return before tax	197,310	279,093
Income tax using Singapore tax rate of 17% (2016: 17%)	33,543	47,446
Effects of:		
- expenses not deductible for tax purposes	12,552	12,281
- income not subject to tax	(19,678)	(36,095)
- effects of tax rates in foreign jurisdiction	1,063	2,699
- tax transparency	(14,626)	(16,132)
- (over)/under provision in respect of previous financial years	(80)	1,627
- withholding tax	4,382	9,480
Income tax expense recognised in Consolidated Statement of Total Return	17,156	21,306

Notes to the Financial Statements

25. Earnings per unit

The basic earnings per Unit is calculated by dividing total return after tax attributable to Unitholders against the weighted average number of Units in issue during the financial year.

	Group	
	2017 $'000	2016 $'000
Total return after tax attributable to Unitholders	172,608	250,191
Total return after tax attributable to Unitholders and excluding gain on divestment of investment property, net change in fair value of investment properties and related tax expenses	131,834	143,584
	No. of Units '000	No. of Units '000
Weighted average number of Units in issue during the financial year	3,336,887	3,259,942
Basic earnings per Unit based on:		
Total return after tax attributable to Unitholders	5.17 cents	7.67 cents
Total return after tax attributable to Unitholders and excluding gain on divestment of investment property, net change in fair value of investment properties and related tax expenses	3.95 cents	4.40 cents

The diluted earnings per Unit is the same as the basic earnings per Unit as there are no dilutive instruments in issue during the financial year.

26. Significant related party transactions

During the financial year, other than those disclosed elsewhere in the financial statements, the following significant related party transactions took place at terms agreed between the parties:

	Group	
	2017 $'000	2016 $'000
Acquisition fee paid to the Manager	3,772	–
Divestment fee paid to the Manager	–	810
Trustee's fees	1,263	1,248
Property management fees and reimbursements paid/payable to a related company	5,875	5,854
Property tax recovered/recoverable from related parties	69	64
Leasing commissions paid/payable to a related company	4,259	1,211
Service fees paid/payable to a related company	217	260
Rental income and other related income from related companies	7,268	6,885
Interest income received from associates	19,661	23,091
Rental support received from a related company	10,300	12,800
Electricity supply provided by a related company	3,480	3,621
Telephone and internet services provided by a related company	9	11
Aircon supply provided by a related company	553	547

27. Financial risk management objectives and policies

The Group is exposed to credit, interest rate, liquidity, foreign currency and operational risks in the normal course of its business. Assessment of financial risks is carried out regularly by the Manager.

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

(a) Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Credit assessments on prospective tenants are carried out by way of evaluation of information from corporate searches and conducted prior to the signing of lease agreements. Security deposits are collected from tenants, and the Group's tenant trade sector mix in its property portfolio is actively monitored and managed to avoid excessive exposure to any one potentially volatile trade sector.

The Manager has ensured that appropriate terms and/or credit controls are stipulated in the agreements to ensure that the counterparty fulfils its obligations.

Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the Balance Sheets.

Credit risk concentration profile

At the reporting date, approximately 27% (2016: 19%) of the Group's trade and other receivables were due from related companies and joint ventures. Concentration of credit risk relating to trade receivables is limited due to the Group's many and varied tenants. The tenants are engaged in diversified businesses and are of good quality and strong credit standing.

Financial assets that are neither past due nor impaired

Trade and other receivables and advances to associates that are neither past due nor impaired relate to creditworthy debtors and counterparties with good payment record. Cash and bank balances are placed and derivative financial instruments are entered into with financial institutions with good credit ratings.

(b) Interest rate risk

The Group's exposure to changes in interest rates arises primarily from its interest earning financial assets and interest bearing financial liabilities.

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

The Group manages interest costs using a mix of fixed and floating rate debts. The details of the interest rates relating to interest earning financial assets and interest bearing financial liabilities are disclosed in Notes 8, 11 and 15 respectively.

Sensitivity analysis

At the reporting date, if the interest rates of borrowings had been 0.1% per annum (2016: 0.1% per annum) higher/lower with all other variables constant, the Group's total return before tax would have been $173,000 (2016: $128,000) lower/higher, arising mainly as a result of higher/lower interest expense on floating rate borrowings that are not hedged, and the Group's hedging reserve would have been $5,534,000 (2016: $4,524,000) lower/higher, arising mainly as a result of an increase/decrease in the fair value of interest rate swaps designated as cash flow hedges.

Notes to the Financial Statements

27. Financial risk management objectives and policies (continued)

(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.

Group	2017				2016			
	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	56,451	–	–	56,451	51,828	–	–	51,828
Derivative financial instruments:								
– Interest rate swaps (settled net)	14,808	30,638	636	46,082	9,520	12,368	–	21,888
– Forward currency contracts (gross payments)	20,706	–	–	20,706	26,460	–	–	26,460
– Forward currency contracts (gross receipts)	(21,865)	–	–	(21,865)	(25,430)	–	–	(25,430)
Security deposits	3,159	20,222	7,453	30,834	3,545	16,439	11,430	31,414
Borrowings	474,633	2,140,517	78,129	2,693,279	43,252	2,056,627	520,700	2,620,579
	547,892	2,191,377	86,218	2,825,487	109,175	2,085,434	532,130	2,726,739

Trust	2017				2016			
	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	34,905	–	–	34,905	34,640	–	–	34,640
Derivative financial instruments:								
– Interest rate swaps (settled net)	12,263	25,378	636	38,277	8,064	11,553	–	19,617
– Forward currency contracts (gross payments)	20,706	–	–	20,706	26,460	–	–	26,460
– Forward currency contracts (gross receipts)	(21,865)	–	–	(21,865)	(25,430)	–	–	(25,430)
Security deposits	116	3,982	–	4,098	431	1,348	1,628	3,407
Borrowings	464,932	1,640,813	78,129	2,183,874	34,528	2,021,729	50,186	2,106,443
	511,057	1,670,173	78,765	2,259,995	78,693	2,034,630	51,814	2,165,137

(d) Foreign currency risk

Foreign currency risk arises when transactions are denominated in currencies other than the respective functional currencies of the various entities in the Group and impact the Group's net assets and total return for the year.

The Group's foreign currency risk relates mainly to its exposure from its investments in Australia, and the regular distributable income and interest income from these investments. The Manager monitors the Group's foreign currency exposure on an on-going basis and will manage its exposure to adverse movements in foreign currency exchange rates through financial instruments or other suitable financial products.

The Group has outstanding forward currency contracts with notional amounts totalling $21,865,000 (2016: $35,226,000) (Note 13). As at the reporting date, net financial derivative assets of $1,175,000 (2016: liabilities of $878,000) were recorded on the Balance Sheets based on the net fair value of these forward exchange contracts.

The Group has an outstanding cross currency swap with a notional amount of $99,790,000 (2016: $99,790,000) (Note 13). As at the reporting date, a derivative asset of $4,190,000 (2016: $8,435,000) was recorded on the Balance Sheets based on the net fair value of the cross currency swap.

Sensitivity analysis

At the reporting date, if the Australian dollar strengthened/weakened against the Singapore dollar by 5% (2016: 5%) with all other variables constant, the Group's total return before tax would have been $6,820,000 (2016: $4,611,000) lower/higher, and the Group's hedging reserve would have been $1,035,000 (2016: $1,805,000) lower/higher.

28. Capital management

The primary objective of the Group's capital management is to optimise the Group's funding structure and ensure that it maintains a healthy aggregate leverage.

Under the Property Funds Appendix of the CIS Code, the aggregate leverage should not exceed 45.0% of the Group's deposited properties, regardless whether a credit rating from Fitch Inc., Moody's Investor Services or Standard & Poor's has been obtained for the property fund.

The Group's capital is represented by its Unitholders' funds as disclosed in the Balance Sheets. The Group constantly monitors capital using the aggregate leverage, which is total gross borrowings divided by the value of its deposited properties. The value of the deposited properties refers to the value of the property fund's total assets (excluding restricted cash and bank balances) based on the latest valuation. At the balance sheet date, the Group has gross borrowings (including deferred payments for the construction of Phase 2 of Ocean Financial Centre, Phase 1 of Marina Bay Financial Centre and the Group's respective share of borrowings carried at ORQPL and CBDPL) totalling $3,374,565,000 (2016: $3,329,450,000) and an aggregate leverage of 38.7% (2016: 38.5%).

29. Fair value of assets and liabilities

(a) Fair value hierarchy

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction other than in a forced or liquidation sale.

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

(i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can assess at the measurement date;
(ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
(iii) Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in their entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Notes to the Financial Statements

29. Fair value of assets and liabilities (continued)

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group 2017 $'000		
	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets			
Derivative financial instruments:			
- Forward currency contracts	1,175	–	1,175
- Interest rate swaps	22	–	22
- Cross currency swap	4,190	–	4,190
Financial assets as at 31 December 2017	5,387	–	5,387
Financial liabilities			
Derivative financial instruments:			
- Interest rate swaps	(17,765)	–	(17,765)
Financial liabilities as at 31 December 2017	(17,765)	–	(17,765)
Non-financial assets			
Investment properties	–	3,774,870	3,774,870
Non-financial assets as at 31 December 2017	–	3,774,870	3,774,870

	Group 2016 $'000		
	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets			
Derivative financial instruments:			
- Forward currency contracts	99	–	99
- Interest rate swaps	9,727	–	9,727
- Cross currency swap	8,435	–	8,435
Financial assets as at 31 December 2016	18,261	–	18,261
Financial liabilities			
Derivative financial instruments:			
- Forward currency contracts	(977)	–	(977)
- Interest rate swaps	(7,821)	–	(7,821)
Financial liabilities as at 31 December 2016	(8,798)	–	(8,798)
Non-financial assets			
Investment properties	–	3,618,097	3,618,097
Non-financial assets as at 31 December 2016	–	3,618,097	3,618,097

	Trust 2017 $'000		
	Significant observable inputs other than quoted prices (Level 2)	**Significant unobservable inputs (Level 3)**	**Total**
Financial assets			
Derivative financial instruments:			
- Forward currency contracts	**1,175**	**–**	**1,175**
- Cross currency swap	**4,190**	**–**	**4,190**
Financial assets as at 31 December 2017	**5,365**	**–**	**5,365**
Financial liabilities			
Derivative financial instruments:			
- Interest rate swaps	**(15,545)**	**–**	**(15,545)**
Financial liabilities as at 31 December 2017	**(15,545)**	**–**	**(15,545)**
Non-financial assets			
Investment properties	**–**	**525,000**	**525,000**
Non-financial assets as at 31 December 2017	**–**	**525,000**	**525,000**

	Trust 2016 $'000		
	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets			
Derivative financial instruments:			
- Forward currency contracts	99	–	99
- Interest rate swaps	7,919	–	7,919
- Cross currency swap	8,435	–	8,435
Financial assets as at 31 December 2016	16,453	–	16,453
Financial liabilities			
Derivative financial instruments:			
- Forward currency contracts	(977)	–	(977)
- Interest rate swaps	(6,591)	–	(6,591)
Financial liabilities as at 31 December 2016	(7,568)	–	(7,568)
Non-financial assets			
Investment properties	–	540,000	540,000
Non-financial assets as at 31 December 2016	–	540,000	540,000

Notes to the Financial Statements

29. Fair value of assets and liabilities (continued)

(c) Level 2 fair value measurements

Forward currency contracts, interest rate swaps and cross currency swap are valued using valuation techniques with market observable inputs. The most frequently applied valuation technique includes forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves.

(d) Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3 of the fair value hierarchy.

Description	Fair value as at 31 December 2017 $'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties	3,774,870	Capitalisation approach	Capitalisation rate	3.75% - 5.63%	The higher the rate, the lower the fair value
		Discounted cash flows analysis	Discount rate	6.25% - 7.00%	The higher the rate, the lower the fair value
		Direct comparison method	Transacted prices of comparable properties	$600/sf - $8,600/sf	The higher the price, the higher the fair value

Description	Fair value as at 31 December 2016 $'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties	3,618,097	Capitalisation approach	Capitalisation rate	3.75% - 6.25%	The higher the rate, the lower the fair value
		Discounted cash flows analysis	Discount rate	6.00% - 7.50%	The higher the rate, the lower the fair value
		Direct comparison method	Transacted prices of comparable properties	$600/sf - $8,800/sf	The higher the price, the higher the fair value

The investment properties categorised under Level 3 of the fair value hierarchy are generally sensitive to the various unobservable inputs tabled above. A significant movement of each input would result in a significant change to the fair value of the respective investment properties.

The Group assesses the fair value of investment properties on a yearly basis.

(ii) Valuation policies and procedures

The Group engages external, independent and qualified valuers to determine the fair value of the Group's investment properties at the end of every financial year.

The Manager is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge of valuation of investment properties. In accordance to the CIS Code, the Group rotates the independent valuers every two years.

Management reviews the appropriateness of the valuation methodologies and assumptions adopted by the external valuers.

Significant changes in fair value measurements from period to period are evaluated by management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent external sources, or internal sources if necessary and appropriate. Significant valuation issues are reported to the Audit and Risk Committee.

(e) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The Manager has determined that the carrying amounts of cash and bank balances, trade and other receivables, trade and other payables, security deposits and current borrowings reasonably approximate their fair values. The carrying amounts of advances to associates and floating rate borrowings reasonably approximate their fair values because they are floating rate instruments that are repriced to market interest rates on or near the end of the reporting period.

The fair values of non-current fixed-rate borrowings as at 31 December 2017 and 31 December 2016 are as stated below. They are estimated using discounted cash flows analyses based on current rates for similar types of borrowing arrangements.

	2017		2016	
Group	**Carrying value $'000**	**Fair value $'000**	Carrying value $'000	Fair value $'000
Borrowings (non-current)	**125,000**	**126,829**	204,770	199,396
Trust				
Borrowings (non-current)	**125,000**	**126,829**	204,770	199,396

Fair value information has not been disclosed for the Trust's interest bearing amounts owing by subsidiaries that are carried at cost because their fair values cannot be measured reliably as the amounts have no fixed repayment terms.

(f) Classification of financial instruments

Group	**Loans and receivables $'000**	**Liabilities at amortised cost $'000**
2017		
Assets		
Advances to associates	**613,122**	**–**
Trade and other receivables	**8,619**	**–**
Cash and bank balances	**198,158**	**–**
Total	**819,899**	**–**
Liabilities		
Trade and other payables	**–**	**56,451**
Borrowings	**–**	**2,522,181**
Security deposits	**–**	**30,834**
Total	**–**	**2,609,466**
2016		
Assets		
Advances to associates	610,922	–
Trade and other receivables	10,662	–
Cash and bank balances	278,682	–
Total	900,266	–
Liabilities		
Trade and other payables	–	51,828
Borrowings	–	2,481,754
Security deposits	–	31,414
Total	–	2,564,996

Notes to the Financial Statements

29. Fair value of assets and liabilities (continued)

(f) Classification of financial instruments (continued)

Trust	Loans and receivables $'000	Liabilities at amortised cost $'000
2017		
Assets		
Advances to associates	613,122	–
Trade and other receivables	12,120	–
Cash and bank balances	155,823	–
Total	781,065	–
Liabilities		
Trade and other payables	–	34,905
Borrowings	–	2,056,888
Security deposits	–	4,098
Total	–	2,095,891
2016		
Assets		
Advances to associates	610,922	–
Trade and other receivables	7,721	–
Cash and bank balances	141,948	–
Total	760,591	–
Liabilities		
Trade and other payables	–	34,640
Borrowings	–	2,015,901
Security deposits	–	3,407
Total	–	2,053,948

The Group and the Trust have financial assets at fair value through profit or loss amounting to $4,190,000 (2016: $9,018,000) and financial liabilities at fair value through profit or loss amounting to $1,816,000 (2016: nil).

30. Portfolio reporting

The Group's business is investing in real estate and real estate-related assets which are predominantly used for commercial purposes. All its existing properties are located in Singapore and Australia.

Discrete financial information is provided to the Board on a property by property basis. The information provided includes net rental (including property income and property expenses) and the value of the investment properties. The Board is of the view that the portfolio reporting is appropriate as the Group's business is in prime commercial properties located in Singapore's and Australia's financial precincts. In making this judgement, the Board considers the nature and location of these properties which are similar for the entire portfolio of the Group.

Investments in One Raffles Quay and Marina Bay Financial Centre are held through one-third interests in ORQPL, BFCDLLP and CBDPL, investments in 8 Chifley Square and David Malcolm Justice Centre are held through 50% interests in M8CT and MOTT, and the information provided below is in relation to the properties.

By property

Property income	Group 2017 $'000	Group 2016 $'000
Bugis Junction Towers	19,446	21,259
Ocean Financial Centre	107,952	104,863
275 George Street[1]	19,219	18,311
8 Exhibition Street[2]	17,899	16,150
77 King Street office tower[3]	–	669
Total property income	164,516	161,252

Income contribution	Group 2017 $'000	Group 2016 $'000
Bugis Junction Towers	15,111	16,773
Ocean Financial Centre	89,120	84,925
275 George Street[1]	15,455	14,978
8 Exhibition Street[2]	11,514	11,170
77 King Street office tower[3]	–	524
Total net property income	131,200	128,370
Ocean Financial Centre:		
– Rental support	2,525	3,946
One-third interest in ORQPL[4]:		
– Interest income	1,988	2,019
– Dividend income	26,827	27,136
Total income	28,815	29,155
One-third interests in BFCDLLP[5] and CBDPL[5]:		
– Rental support	10,300	12,800
– Interest income	17,673	21,072
– Dividend and distribution income	66,982	59,317
Total income	94,955	93,189
50% interest in M8CT[6]:		
– Distribution income	13,271	12,206
50% interest in MOTT[7]:		
– Distribution income	13,294	11,956
Total income contribution	284,060	278,822

1 Comprises 50.0% (2016: 50.0%) interest in 275 George Street.
2 Comprises 50.0% (2016: 50.0%) interest in 8 Exhibition Street office building and a 100% (2016: 100%) interest in another three retail units.
3 77 King Street office tower was divested on 29 January 2016.
4 Comprises one-third (2016: one-third) interest in ORQPL which holds One Raffles Quay.
5 Comprise one-third (2016: one-third) interests in BFCDLLP and CBDPL which hold Marina Bay Financial Centre Towers 1, 2 and 3 and Marina Bay Link Mall.
6 Comprises 50.0% (2016: 50.0%) interest in M8CT which holds 8 Chifley Square.
7 Comprises 50.0% (2016: 50.0%) interest in MOTT which holds David Malcolm Justice Centre.

Notes to the Financial Statements

30. Portfolio reporting (continued)

Reconciliation to net income before gain on divestment of investment property and net change in fair value of investment properties per Consolidated Statement of Total Return:

	Group 2017 $'000	Group 2016 $'000
Total income contribution	284,060	278,822
Less: Dividend and distribution income	(120,374)	(110,615)
Add: Interest income earned from deposits placed with financial institutions	3,314	4,368
Add: Share of results of associates	83,795	83,460
Add: Share of results of joint ventures	31,959	30,789
Less: Other unallocated expenses	(137,171)	(127,201)
Net income before gain on divestment of investment property and net change in fair value of investment properties	145,583	159,623

Interests in associates	Group 2017 $'000	Group 2016 $'000
<u>One-third interest in ORQPL:</u>		
Investment in associate	687,515	668,017
Advances to associate	44,946	44,946
	732,461	712,963
<u>One-third interest in BFCDLLP:</u>		
Investment in associate	1,105,612	1,104,986
Advances to associate	568,176	565,976
	1,673,788	1,670,962
<u>One-third interest in CBDPL:</u>		
Investment in associate	734,715	752,109

Interests in joint ventures	Group 2017 $'000	Group 2016 $'000
<u>50% interest in M8CT:</u>		
Investment in joint venture	247,477	225,905
<u>50% interest in MOTT:</u>		
Investment in joint venture	217,619	224,379

By geographical area

	Group	
	2017 $'000	2016 $'000
Property income		
- Singapore	**127,398**	126,122
- Australia	**37,118**	35,130
Total property income	**164,516**	161,252
Net property income		
- Singapore	**104,231**	101,698
- Australia	**26,969**	26,672
Total net property income	**131,200**	128,370
Income contribution		
- Singapore	**230,526**	227,988
- Australia	**53,534**	50,834
Total income contribution	**284,060**	278,822
Investment properties, at valuation		
- Singapore	**3,150,630**	3,167,332
- Australia	**624,240**	450,765
Total value of investment properties	**3,774,870**	3,618,097

31. Commitments and contingencies

(a) Operating lease commitments – as lessor

The Group leases out its investment properties. Lease arrangements for the Group's Australia-based investment properties include rental escalation clauses. Future minimum rental receivable under non-cancellable operating leases is as follows:

	Group	
	2017 $'000	2016 $'000
Within 1 year	**145,213**	131,587
Between 2 and 5 years	**460,459**	358,816
After 5 years	**965,811**	149,211
	1,571,483	639,614

(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	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Committed progress payments for investment property under development	**216,857**	–	**–**	–

(c) Guarantee

The Trust has provided corporate guarantees amounting to $1,577,382,000 (2016: $1,458,711,000) and $125,000,000 (2016: $50,000,000) to banks for loans taken by a subsidiary and medium term notes issued by a subsidiary respectively.

Notes to the Financial Statements

32. Financial ratios

	2017 %	2016 %
Expenses to weighted average net assets [1]		
- including performance component of Manager's management fees	1.19	1.22
- excluding performance component of Manager's management fees	1.00	1.03
Total operating expenses to net asset value [2]	2.8	2.7
Portfolio turnover rate [3]	–	–

1 The ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to the trust expenses, excluding property expenses, amortisation expense, foreign exchange differences and borrowing costs for the financial year.

2 The ratio is computed based on the total property expenses as a percentage of net asset value as at the the end of the financial year. Total property expenses include the Group's share of property expenses incurred by its associates and joint ventures, and all fees and charges paid to the Manager and related parties for the financial year.

3 The ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of weighted average net asset value.

33. Subsequent events

On 23 January 2018, the Manager declared a distribution of 1.43 cents per Unit for the period from 1 October 2017 to 31 December 2017.

Additional Information

Interested person transactions

The transactions entered into with interested persons during the financial year which fall under the Listing Manual of the SGX-ST and the Property Funds Appendix of the CIS Code are as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000) FY2017 $'000	Aggregate value of all interested person transactions conducted under Unitholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)[1] FY2017 $'000
Keppel Corporation Limited and its subsidiaries or associates		
- Manager's management fees	50,989	Nil
- Acquisition fee	3,772	Nil
- Property management fees and reimbursable	5,865	Nil
- Leasing commissions	4,259	Nil
- Rental support	10,300	Nil
RBC Investor Services Trust Singapore Limited		
- Trustee's fees	1,263	Nil

1 Keppel REIT does not have a Unitholders' mandate.

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 of the SGX-ST. 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 FY2017 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 26 to the financial statements.

Subscription of Keppel REIT Units

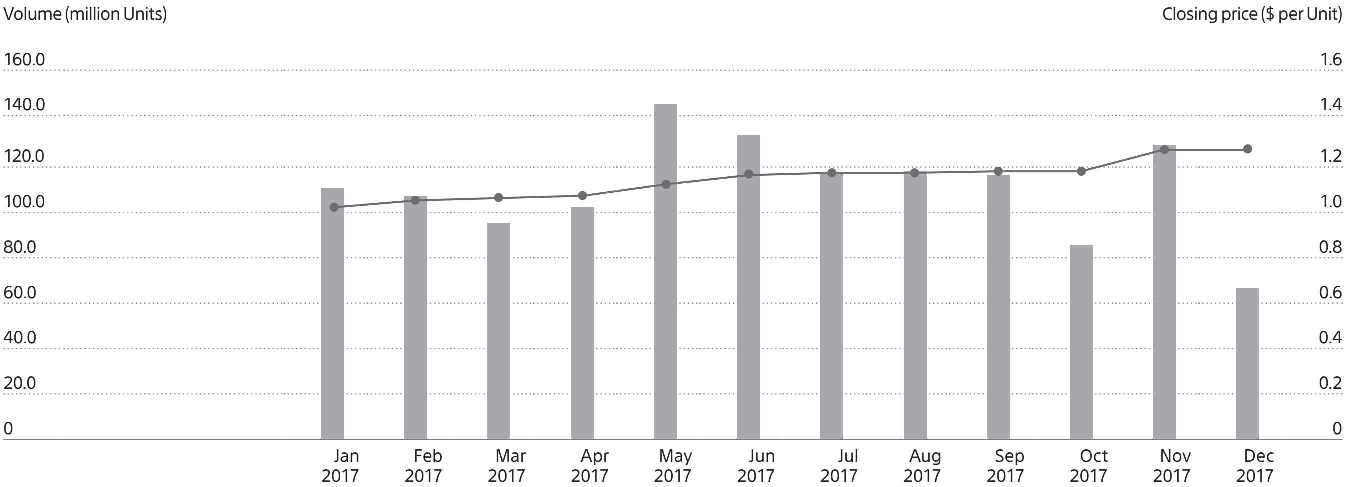
During the financial year ended 31 December 2017, Keppel REIT issued 47,360,865 new Units as payment of the Manager's management fees and 31,757,174 new Units pursuant to the Distribution Reinvestment Plan.

Unit Price Performance

Approximately 1.3 billion Keppel REIT Units were traded in 2017, an increase of 33.2%[1] as compared to 2016. The Unit closed at $1.26 on 31 December 2017, 23.5%[1] higher than the previous year.

Unitholder return in 2017 was 29.1%[2]. Keppel REIT declared a total distribution per Unit (DPU) of 5.70 cents in 2017, translating to a distribution yield of 4.5% based on the closing price per Unit of $1.26 on 31 December 2017.

FY 2017 Monthly Trading Performance



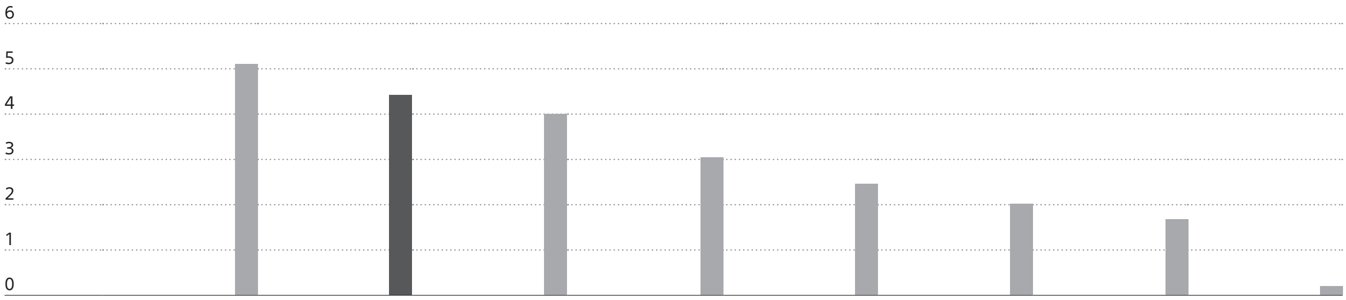
	Jan 2017	Feb 2017	Mar 2017	Apr 2017	May 2017	Jun 2017	Jul 2017	Aug 2017	Sep 2017	Oct 2017	Nov 2017	Dec 2017
Monthly trading volume (million Units)	107.0	103.7	94.5	101.6	146.4	130.8	117.0	114.4	112.6	82.9	125.4	64.4
Month-end closing Unit price ($ per Unit)	1.01	1.04	1.05	1.06	1.11	1.15	1.16	1.16	1.18	1.18	1.26	1.26

Unit Price Performance

	2017	2016
Highest closing price ($ per Unit)	**1.26**	1.14
Lowest closing price ($ per Unit)	**1.01**	0.86
Average closing price ($ per Unit)	**1.13**	1.03
Closing price as at the last trading day of the year ($ per Unit)	**1.26**	1.02
Trading volume (million Units)	**1,300.6**	976.4

1 Based on the one-year cumulative traded volume and last Unit trading price as at 31 December 2017, compared to 31 December 2016.
2 Based on the Unit prices as at the respective year-ends and distributions declared for FY 2017.

Comparative Yields
(as at 31 December 2017)

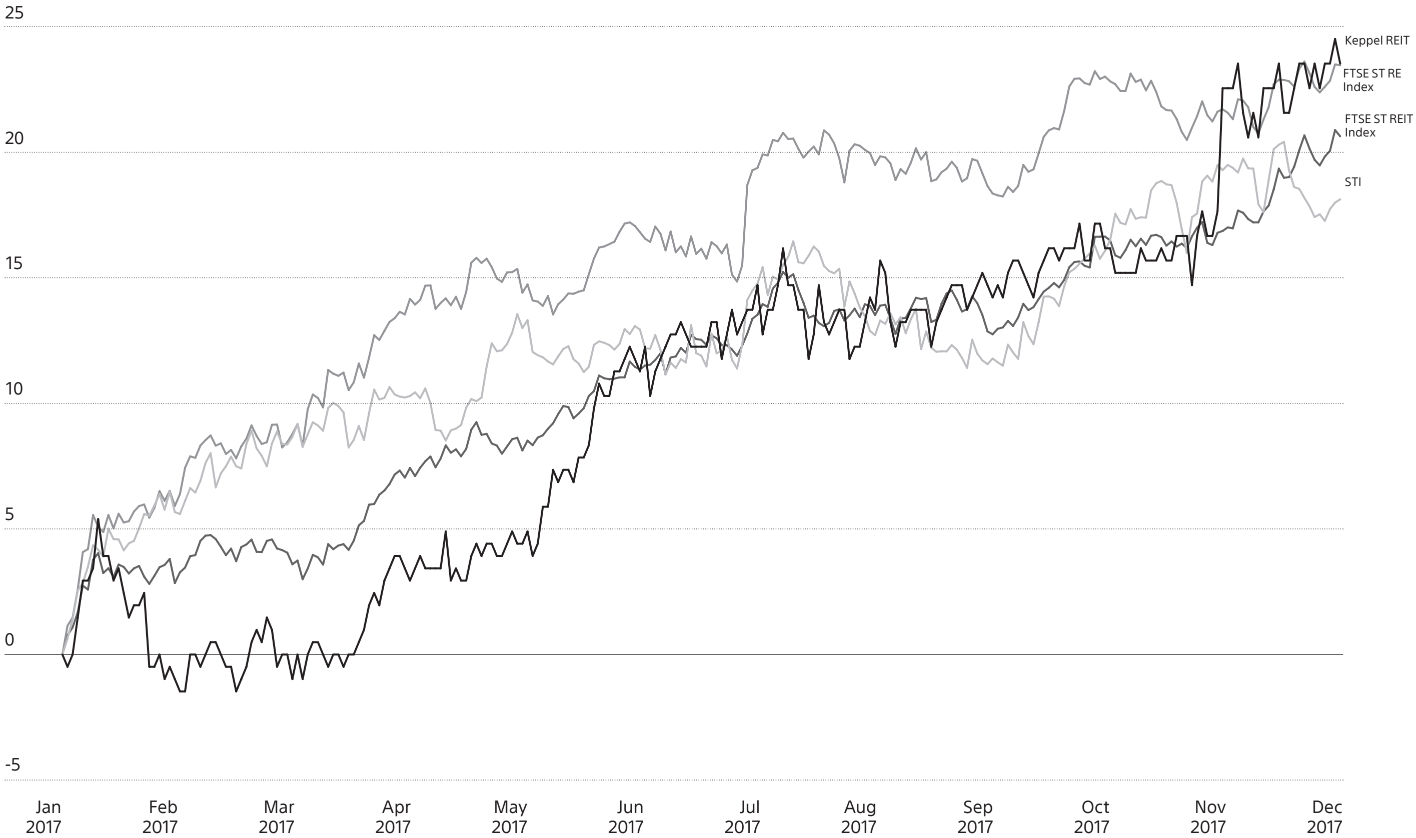


FTSE ST REIT Index Dividend Yield	**Keppel REIT Distribution Yield[1]**	FTSE ST RE Index Dividend Yield	STI Dividend Yield	CPF Ordinary Account	10-year SG Govt Bond Yield	5-year SG Govt Bond Yield	Bank Savings Deposit Rate
5.2%	**4.5%**	4.0%	3.1%	2.5%	2.0%	1.7%	0.2%

1 Based on Keppel REIT's total DPU of 5.70 cents for FY 2017 and the market closing price per Unit of $1.26 as at 31 December 2017.

Sources: Bloomberg, Monetary Authority of Singapore, Central Provident Fund and Singapore Government Securities

Unit Price Performance Against Indices
(for the period from 1 January 2017 to 31 December 2017)



Keppel REIT	+23.5%
FTSE ST REIT Index	+20.6%
FTSE ST RE Index	+23.5%
STI	+18.1%

Statistics of Unitholdings

As at 1 March 2018

Issued and Fully Paid Units

3,389,467,324 Units (Voting rights : 1 vote per Unit)

There is only one class of Units in Keppel REIT.

Market capitalisation of $3,999,571,442 based on market closing price of S$1.180 on 1 March 2018.

Distribution Of Unitholdings

Size Of Unitholdings	No. Of Unitholders	%	No. Of Units	%
1 - 99	4,485	9.53	256,371	0.01
100 - 1,000	16,672	35.41	7,907,168	0.23
1,001 - 10,000	17,382	36.92	70,804,537	2.09
10,001 - 1,000,000	8,489	18.03	369,992,650	10.92
1,000,001 and above	53	0.11	2,940,506,598	86.75
Total	**47,081**	**100.00**	**3,389,467,324**	**100.00**

Twenty Largest Unitholders

No.	Name	No. Of Units	%
1	Keppel REIT Investment Pte Ltd	1,476,216,367	43.55
2	Citibank Nominees Singapore Pte Ltd	382,853,023	11.30
3	DBS Nominees (Private) Limited	379,047,606	11.18
4	HSBC (Singapore) Nominees Pte Ltd	125,732,250	3.71
5	Raffles Nominees (Pte) Limited	123,154,235	3.63
6	DBSN Services Pte. Ltd.	92,655,464	2.73
7	Keppel Capital Investment Holdings Pte Ltd	90,069,696	2.66
8	BPSS Nominees Singapore (Pte.) Ltd.	52,584,143	1.55
9	United Overseas Bank Nominees (Private) Limited	36,728,194	1.08
10	Citibank Consumer Nominees Pte Ltd	26,695,813	0.79
11	Keppel REIT Management Limited	15,406,261	0.45
12	Phillip Securities Pte Ltd	10,648,472	0.31
13	OCBC Securities Private Limited	8,860,280	0.26
14	OCBC Nominees Singapore Private Limited	8,771,419	0.26
15	DB Nominees (Singapore) Pte Ltd	8,241,839	0.24
16	UOB Kay Hian Private Limited	7,195,267	0.21
17	DBS Vickers Securities (Singapore) Pte Ltd	7,122,756	0.21
18	Ko Woon Hong	6,164,577	0.18
19	Peh Kwee Chim	5,900,003	0.17
20	NTUC Fairprice Co-Operative Ltd	5,439,735	0.16
	Total	**2,869,487,400**	**84.63**

The Manager's Directors' Unitholdings

Based on the Register of Directors' Unitholdings maintained by the Manager, as at 21 January 2018, the direct and deemed interests of each Director in the Units in Keppel REIT are as follows:

Name of Director	No. of Units
Penny Goh	140,308 (Direct)
Tan Swee Yiow	1,142,886 (Direct)
Lee Chiang Huat	Nil
Chan Choong Seng, Daniel	Nil
Lor Bak Liang	111,991 (Direct)
Christina Tan Hua Mui	2,000 (Direct)
Alan Rupert Nisbet	Nil

[1] As at 21 January 2018, there are no convertible securities in Keppel REIT.

Substantial Unitholders

Based on the Register of Substantial Unitholders' Unitholdings maintained by the Manager as at 1 March 2018, the direct and deemed interests of each Substantial Unitholder of Keppel REIT in the Units in Keppel REIT are as follows:

Name	No. of Units	%
Temasek Holdings (Private) Limited	1,600,859,000 (Deemed)[1]	47.23
Keppel Corporation Limited	1,581,692,524 (Deemed)[2]	46.67
Keppel Land Limited	1,476,216,367 (Deemed)[3]	43.55
Keppel Land (Singapore) Pte. Ltd.	1,476,216,367 (Deemed)[4]	43.55
Keppel REIT Investment Pte. Ltd.	1,476,216,367 (Direct)	43.55

Notes:

(1) Temasek Holdings (Private) Limited's deemed interest arises from the deemed interest held by Keppel Corporation Limited and other 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.

Public Unitholders

Based on the information available to the Manager as at 1 March 2018, approximately 52.73% 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 1 March 2018, there are no treasury units held by Keppel REIT or the Manager.

Corporate Information

Trustee
RBC Investor Services Trust Singapore Limited
8 Marina View
#26-01 Asia Square Tower 1
Singapore 018960
Phone: +65 6230 1988
Fax: +65 6532 0215

Auditor
PricewaterhouseCoopers LLP
7 Straits View
Level 12, Marina One, East Tower
Singapore 018936
Phone: +65 6236 3388
Fax: +65 6236 3300
(Partner-in-charge: Mr Yeow Chee Keong)
(With effect from financial year ended 31 December 2016)

The Manager
Keppel REIT Management Limited
(A member of Keppel Capital Holdings Pte Ltd)
Registered Address
1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632
Phone: +65 6803 1818
Fax: +65 6803 1717

Principal Business Address
230 Victoria Street
#05-08 Bugis Junction Towers
Singapore 188024

Investor Relations contact:
Phone: +65 6803 1739
Email: investor.relations@keppelreit.com

Unit Registrar and Unit Transfer Office
Boardroom Corporate & Advisory Services Pte. Ltd. (a member of Boardroom Limited)
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Phone: +65 6536 5355
Fax: +65 6536 1360

For updates or change of mailing address, please contact:
The Central Depository (Pte) Limited
9 North Buona Vista Drive
#01-19/20 The Metropolis
Singapore 138588
Phone: +65 6535 7511
Fax: +65 6535 0775
Email: asksgx@sgx.com
Website: www.sgx.com/wps/portal/sgxweb/home/depository

Joint Company Secretaries
Mr Kelvin Chua

Mr Marc Tan Weiqiang

Directors of The Manager
Mrs Penny Goh
Chairman and Independent Director

Mr Tan Swee Yiow
Chief Executive Officer and Executive Director

Mr Lee Chiang Huat
Independent Director

Mr Daniel Chan Choong Seng
Independent Director

Mr Lor Bak Liang
Independent Director

Ms Christina Tan Hua Mui
Non-Executive Director

Mr Alan Rupert Nisbet
Independent Director

Audit and Risk Committee
Mr Lee Chiang Huat
(Chairman)

Mr Daniel Chan Choong Seng

Mr Lor Bak Liang

Mr Alan Rupert Nisbet

Nominating and Remuneration Committee
Mrs Penny Goh
(Chairman)

Ms Christina Tan Hua Mui

Mr Lor Bak Liang

Notice of Annual General Meeting

Keppel REIT

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

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of the holders of units of Keppel REIT (the "**Unitholders**") will be held at Level 3, Heliconia Main Ballroom, Sands Expo and Convention Centre, 10 Bayfront Avenue, Singapore 018956 on 20 April 2018 at 10.30 a.m. to transact the following business:

(A) As Ordinary Business

1. To receive and adopt the Report of RBC Investor Services Trust Singapore Limited, as trustee of Keppel REIT (the "**Trustee**"), the Statement by Keppel REIT Management Limited, as manager of Keppel REIT (the "**Manager**"), and the Audited Financial Statements of Keppel REIT for the financial year ended 31 December 2017 and the Auditor's Report thereon. (**Ordinary Resolution 1**)

2. To re-appoint Messrs PricewaterhouseCoopers LLP as the Auditor of Keppel REIT to hold office until the conclusion of the next AGM of Keppel REIT, and to authorise the Manager to fix their remuneration. (**Ordinary Resolution 2**)

3. To endorse the appointment of Mr Alan Rupert Nisbet as director of the Manager ("**Director**") pursuant to the undertaking dated 1 July 2016 provided by Keppel Capital Holdings Pte. Ltd. ("**Keppel Capital**") to the Trustee. (**Ordinary Resolution 3**)

   (Please see Explanatory Notes).

(B) As Special Business

To consider and, if thought fit, to pass with or without any modifications, the following resolutions:

4. That authority be and is hereby given to the Manager to:

   (a) (i) issue units in Keppel REIT ("**Units**") whether by way of rights, bonus or otherwise and including any capitalisation of any sum for the time being standing to the credit of any of Keppel REIT's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution; and/or

   (ii) make or grant offers, agreements or options that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units (collectively, "**Instruments**"),

   at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and

   (b) issue Units in pursuance of any Instrument made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),

   provided that:

   (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution and any adjustment effected under any relevant Instrument) shall not exceed fifty per cent (50%) of the total number of issued Units (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro rata basis to Unitholders (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution and any adjustment effected under any relevant Instrument) shall not exceed twenty per cent (20%) of the total number of issued Units (as calculated in accordance with sub-paragraph (2) below);

   (2) subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the total number of issued Units shall be based on the total number of issued Units at the time this Resolution is passed, after adjusting for:

   (a) any new Units arising from the conversion or exercise of any convertible securities or options which are outstanding or subsisting at the time this Resolution is passed; and

   (b) any subsequent bonus issue, consolidation or subdivision of Units;

Notice of Annual General Meeting

(3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST (the "**Listing Manual**") for the time being in force (unless such compliance has been waived by the SGX-ST) and the trust deed dated 28 November 2005 constituting Keppel REIT (as amended) (the "**Trust Deed**") for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);

(4) (unless revoked or varied by the Unitholders in a general meeting) the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next AGM of Keppel REIT or (ii) the date by which the next AGM of Keppel REIT is required by applicable regulations to be held, whichever is earlier;

(5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and

(6) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider necessary, expedient, incidental or in the interest of Keppel REIT to give effect to the authority conferred by this Resolution. (**Ordinary Resolution 4**)

(Please see Explanatory Notes).

5. That:

(a) approval be and is hereby given to amend the Trust Deed to include provisions regarding the repurchase and redemption of Units in the manner set out in the Appendix to the Notice of Annual General Meeting (the "**Appendix**") dated 29 March 2018 (the "**Proposed Unit Buy-Back Trust Deed Supplement**"); and

(b) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee, may consider expedient or necessary or in the interests of Keppel REIT to give effect to the Proposed Unit Buy-Back Trust Deed Supplement. (**Extraordinary Resolution 5**)

(Please see Explanatory Notes).

6. That subject to and conditional upon the passing of Extraordinary Resolution 5:

(a) the exercise of all the powers of the Manager to repurchase issued Units for and on behalf of Keppel REIT not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Manager from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market repurchase(s) on the SGX-ST and/or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted; and/or

(ii) off-market repurchase(s) in accordance with any equal access scheme(s) as may be determined or formulated by the Manager as it considers fit in accordance with the Trust Deed,

and otherwise in accordance with all applicable laws and regulations including the rules of the SGX-ST or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted, be and is hereby authorised and approved generally and unconditionally (the "**Unit Buy-Back Mandate**");

(b) (unless revoked or varied by the Unitholders in a general meeting) the authority conferred on the Manager pursuant to the Unit Buy-Back Mandate may be exercised by the Manager at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next AGM of Keppel REIT is held;

(ii) the date by which the next AGM of Keppel REIT is required by applicable laws and regulations or the Trust Deed to be held; or

(iii) the date on which repurchases of Units pursuant to the Unit Buy-Back Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"**Average Closing Price**" means the average of the closing market prices of the Units over the last five Market Days, on which transactions in the Units were recorded, immediately preceding the date of the market repurchase or, as the case may be, the date of the making of the offer pursuant to the off-market repurchase, and deemed to be adjusted for any corporate action that occurs after the relevant five Market Days;

"**date of the making of the offer**" means the date on which the Manager makes an offer for an off-market repurchase, stating therein the repurchase price (which shall not be more than the Maximum Price for an off-market repurchase) for each Unit and the relevant terms of the equal access scheme for effecting the off-market repurchase;

"**Market Day**" means a day on which the SGX-ST and/or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted, is open for trading in securities;

"**Maximum Limit**" means that number of Units representing 5.0% of the total number of issued Units as at the date of the passing of this Resolution; and

"**Maximum Price**" in relation to a Unit to be repurchased, means the repurchase price (excluding brokerage, stamp duty, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(i) in the case of a market repurchase of a Unit, 105.0% of the Average Closing Price of the Units; and

(ii) in the case of an off-market repurchase of a Unit, 120.0% of the Average Closing Price of the Units; and

(d) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of Keppel REIT to give effect to the transactions contemplated and/or authorised by this Resolution. (**Ordinary Resolution 6**)

(Please see Explanatory Notes).

7. That:

(a) approval be and is hereby given to amend the Trust Deed to include provisions regarding electronic communications of notices and documents to Unitholders in the manner set out in the Appendix (the "**Proposed Electronic Communications Trust Deed Supplement**"); and

(b) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee, may consider expedient or necessary or in the interests of Keppel REIT to give effect to the Proposed Electronic Communications Trust Deed Supplement. (**Extraordinary Resolution 7**)

(Please see Explanatory Notes).

(C) As Other Business

8. To transact such other business as may be transacted at an AGM.

BY ORDER OF THE BOARD
Keppel REIT Management Limited
(Company Registration Number: 200411357K)
As Manager of Keppel REIT

Kelvin Chua **Marc Tan Weiqiang**
Joint Company Secretaries
Singapore
29 March 2018

Notice of Annual General Meeting

Explanatory notes:

1. **Ordinary Resolution 3**
   Keppel Capital had on 1 July 2016 provided an undertaking (the "**Undertaking**") to the Trustee:

   - to procure the Manager to seek Unitholders' re-endorsement for the appointment of each Director no later than every third AGM of Keppel REIT after the relevant general meeting at which such Director's appointment was last endorsed or re-endorsed, as the case may be;
   - (where a person is appointed as Director, either to fill a vacancy or as an addition to the existing Directors, at any time) to procure the Manager to seek Unitholders' endorsement for his appointment as a Director at the next AGM of Keppel REIT immediately following his appointment; and
   - to procure any person whose appointment as a Director has not been endorsed or re-endorsed (as the case may be) by the Unitholders at the relevant general meeting of Keppel REIT where the endorsement or re-endorsement (as the case may be) for his appointment was sought, to resign or otherwise be removed from the Board of Directors of the Manager either (i) within 21 days from the date of the relevant general meeting or (ii) in the event that the Board of Directors of the Manager determines that a replacement Director has to be appointed, no later than the date when such replacement Director is appointed, and the regulatory approval for such appointment (if any) has been obtained.

   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 rule of the SGX-ST) and the Constitution of the Manager.

   The Undertaking shall remain in force for so long as:

   - Keppel Capital remains as the holding company (as defined in the Companies Act of Singapore, Chapter 50 of Singapore) of the Manager; and
   - Keppel REIT Management Limited remains as the manager of Keppel REIT.

   As Mr Alan Rupert Nisbet was appointed as Director with effect from 1 October 2017, the Manager is seeking the endorsement of his appointment at the AGM to be held in 2018.

   Detailed information on Mr Alan Rupert Nisbet can be found in the "Board of Directors" section in Keppel REIT's Report to Unitholders 2017.

   Mr Alan Rupert Nisbet will, upon endorsement, continue to serve as an independent Director and a member of the Audit and Risk Committee.

2. **Ordinary Resolution 4**
   The Ordinary Resolution 4 above, if passed, will empower the Manager from the date of this AGM until (i) the conclusion of the next AGM of Keppel REIT; (ii) the date on which the next AGM of Keppel REIT is required by applicable regulations to be held, or (iii) the date on which such authority is revoked or varied by the Unitholders in a general meeting, whichever is the earliest (the "**Mandated Period**"), to issue Units, to make or grant Instruments and to issue Units pursuant to such Instruments, up to a number not exceeding 50% of the total number of issued Units of which up to 20% may be issued other than on a pro rata basis to Unitholders.

   The Ordinary Resolution 4 above, if passed, will empower the Manager to issue Units, during the Mandated Period, as either full or partial payment of fees which the Manager is entitled to receive for its own account pursuant to the Trust Deed.

   To determine the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the total number of issued Units at the time the Ordinary Resolution 4 above is passed, after adjusting for new Units arising from the conversion or exercise of any convertible securities or options which are outstanding or subsisting at the time the Ordinary Resolution 4 is passed and any subsequent bonus issue, consolidation or subdivision of Units.

   Fund raising by issuance of new Units may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Unitholders is required under the Listing Manual, the Trust Deed or any applicable laws and regulations in such instances, the Manager will then obtain the approval of Unitholders accordingly.

3. **Extraordinary Resolution 5**
   The Extraordinary Resolution 5 above, if passed, will approve the Proposed Unit Buy-Back Trust Deed Supplement.

   The Proposed Unit Buy-Back Trust Deed Supplement is necessary for the proposed adoption of the Unit Buy-Back Mandate as it would allow the Manager the ability and the flexibility to undertake repurchases of Units, under a unit buy-back mandate, during the period such mandate is in force and in accordance with the provisions of the Trust Deed and all applicable laws and regulations, including but not limited to the Listing Manual.

   (See the Appendix in relation to the Proposed Unit Buy-Back Trust Deed Supplement for further details.)

4. **Ordinary Resolution 6**
   The Ordinary Resolution 6 above, if passed, will empower the Manager from the date of the AGM of Keppel REIT until (i) the date on which the next AGM of Keppel REIT is held, (ii) the date by which the next AGM of Keppel REIT is required by applicable laws and regulations or the Trust Deed to be held, or (iii) the date on which the repurchases of Units pursuant to the Unit Buy-Back Mandate are carried out to the full extent mandated, whichever is the earliest, to exercise all the powers to repurchase issued Units for and on behalf of Keppel REIT not exceeding in aggregate 5.0% of the total number of Units as at the date of the passing of this Resolution, whether by way of market repurchase(s) or off-market repurchase(s), on the terms of the Unit Buy-Back Mandate set out in the Appendix unless such authority is revoked or varied by the Unitholders in a general meeting. As the Proposed Unit Buy-Back Trust Deed Supplement is required for the adoption of the Unit Buy-Back Mandate, Ordinary Resolution 6 is conditional upon the passing of Extraordinary Resolution 5.

   (See the Appendix in the relation to the proposed Unit Buy-Back Mandate for further details.)

5. **Extraordinary Resolution 7**
   In connection with the amendments to the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), companies are allowed to send notices and documents electronically to their shareholders with the express, deemed or implied consent (the "**Deemed Consent Regime**" and the "**Implied Consent Regime**", respectively) of the shareholders if the constitution of the company provides for it and the specified modes of electronic communications are set out in the constitution of the company (the "**Companies Act Electronic Communications Amendments**"). The SGX-ST has recently amended the listing rules of the SGX-ST (the "**Listing Rules**") to align the Listing Rules with the Companies Act Electronic Communications Amendments, with issuers allowed to transmit certain types of notices and documents to shareholders (or Unitholders, in the case of a listed real estate investment trust ("**REIT**") such as Keppel REIT) electronically with the express, deemed or implied consent of shareholders.

   Although Keppel REIT is not bound by the Companies Act, it is nonetheless bound by the Listing Rules as a listed REIT. Accordingly, the Manager proposes to amend the Trust Deed to adopt certain provisions of the Listing Rules to implement the Implied Consent Regime and the Deemed Consent Regime and allow for such electronic transmission of notices and documents in relation to Keppel REIT.

   (See the Appendix in relation to the Proposed Electronic Communications Trust Deed Supplement for further details.)

Important Notice:

1. A Unitholder who is not a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder.
2. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.
3. A Unitholder who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than one proxy to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed in the Proxy Form (as defined below).

   "**relevant intermediary**" means:

   (i) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;

   (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds Units in that capacity; or

   (iii) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. The instrument appointing a proxy or proxies (the "**Proxy Form**") must be deposited at the Manager's registered office at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 not later than 17 April 2018 at 10.30 a.m., being 72 hours before the time fixed for the AGM.

Personal Data Privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM of Keppel REIT and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the AGM of Keppel REIT (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM of Keppel REIT (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

Proxy Form

Keppel REIT

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

IMPORTANT:
1. A relevant intermediary (as defined in the Notes Overleaf) may appoint more than one proxy to attend and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF monies to buy units in Keppel REIT ("Units"), this Report is forwarded to them at the request of their CPF Agent Banks/SRS Operators and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
4. A CPF/SRS investor who wishes to attend the Annual General Meeting as proxy has to submit his/her request to his/her CPF Agent Bank/SRS Operator so that his/her CPF Agent Bank/SRS Operator may appoint him/her as its proxy within the specified timeframe. (CPF Agent Bank/SRS Operator: Please refer to Notes 2 and 4 on the reverse side of this form on the required details.)

PLEASE READ THE NOTES TO THE PROXY FORM.

Personal data privacy

By submitting an instrument appointing a proxy or proxy(ies) and/or representative(s), a unitholder of Keppel REIT accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 29 March 2018.

Annual General Meeting

I/We ____
(Name(s) and NRIC Number(s)/Passport Number(s)/Company Registration Number)

of ____(Address)
being a Unitholder/Unitholders of Keppel REIT, hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Unitholdings	
			No. of Units	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Unitholdings	
			No. of Units	%

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and if necessary, to demand a poll, at the Annual General Meeting of Keppel REIT to be held at Level 3, Heliconia Main Ballroom, Sands Expo and Convention Centre, 10 Bayfront Avenue, Singapore 018956 on 20 April 2018 at 10.30 a.m., and any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Annual General Meeting.

No.	Resolution	Number of Votes For*	Number of Votes Against*
Ordinary Business			
1.	To receive and adopt the Trustee's Report, the Manager's Statement, the Audited Financial Statements of Keppel REIT for the year ended 31 December 2017 and the Auditor's Report thereon		
2.	To re-appoint Messrs PricewaterhouseCoopers LLP as the Auditor of Keppel REIT and authorise the Manager to fix the Auditor's remuneration		
3.	To endorse the appointment of Mr Alan Rupert Nisbet as Director		
Special Business			
4.	To authorise the Manager to issue Units and to make or grant convertible instruments		
5.	To approve the Proposed Unit Buy-Back Trust Deed Supplement		
6.	To approve the proposed Unit Buy-Back Mandate (Conditional upon Resolution 5 being passed)		
7.	To approve the Proposed Electronic Communications Trust Deed Supplement		

* If you wish to exercise all your votes "For" or "Against" the relevant Resolution, please mark with an "X" within the relevant box provided. Alternatively, if you wish to exercise your votes for both "For" and "Against" the relevant Resolution, please indicate the number of Units in the boxes provided.

Dated this __________ day of ____________________ 2018

Total Number of Units Held

____
Signature(s) of Unitholder(s) / Common Seal of Corporate Unitholder

IMPORTANT : Please read the notes overleaf before completing this Proxy Form

Glue all sides firmly. Stapling & spot sealing is disallowed.

Fold and glue all sides firmly

Glue all sides firmly. Stapling & spot sealing is disallowed.

Notes to the Proxy Form

1. A unitholder of Keppel REIT ("**Unitholder**") who is not a relevant intermediary entitled to attend and vote at the Annual General Meeting ("**AGM**") is entitled to appoint one or two proxies to attend and vote in his or her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he or she specifies the proportion of his or her holding (expressed as a percentage of the whole) to be represented by each proxy.

2. A Unitholder who is a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint more than one proxy to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, it should annex to the Proxy Form (defined below) the proxy, or the list of proxies, setting out, in respect of each proxy, the name, address, NRIC/Passport Number and proportion of unitholding (number of Units and percentage) in relation to which the proxy has been appointed. For the avoidance of doubt, a CPF Agent Bank/SRS Operator who intends to appoint CPF/SRS investors as its proxies shall comply with this Note.

   "**relevant intermediary**" means:
   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds Units in that capacity; or
   (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

3. A Unitholder should insert the total number of Units held in the Proxy Form (defined below). If the Unitholder has Units entered against his or her name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), he or she should insert that number of Units. If the Unitholder has Units registered in his or her name in the Register of Unitholders of Keppel REIT, he or she should insert that number of Units. If the Unitholder has Units entered against his or her name in the said Depository Register and registered in his or her name in the Register of Unitholders, he or she should insert the aggregate number of Units. If no number is inserted, the Proxy Form will be deemed to relate to all the Units held by the Unitholder.

Fold along this line (1)

Keppel REIT

Postage will be paid by addressee. For posting in Singapore only.

BUSINESS REPLY SERVICE
PERMIT NO. 08556

The Company Secretaries
Keppel REIT Management Limited
(as Manager of Keppel REIT)
1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632

Fold along this line (2)

4. The instrument appointing a proxy or proxies (the "**Proxy Form**") must be deposited at the Manager's registered office at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632, not less than 72 hours before the time set for the AGM.

5. The Proxy Form must be executed under the hand of the appointor or of his or her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

6. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed, or a duly certified copy of such power of attorney must (failing previous registration with the Manager) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.

7. The Manager and the Trustee shall have the right to reject any Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager: (a) may reject any Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his or her name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by CDP to the Manager; and (b) shall be entitled and bound to accept as accurate the number of Units entered against the name of that Unitholder as shown in the Depository Register as at a time not earlier that 72 hours prior to the time of the AGM, supplied by CDP to the Trustee and to accept as the maximum number of votes which in aggregate that Unitholder and his or her proxy/ies (if any) are able to cast on poll a number which is the number of Units entered against the name of that Unitholder as shown in the Depository Register, whether that number is greater or smaller than that specified by the Unitholder or in the Proxy Form.

8. All Unitholders will be bound by the outcome of the AGM regardless of whether they have attended or voted at the AGM.

9. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he/she is the Unitholder. There shall be no division of votes between a Unitholder who is present in person and voting at the AGM and his/her proxy(ies). A person entitled to more than one vote need not use all his/her votes or cast them the same way.

Keppel REIT Management Limited
1 HarbourFront Avenue
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Singapore 098632

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