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

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

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

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

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

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

**KEPPEL REIT MTN PTE. LTD.**

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

and

**RBC INVESTOR SERVICES TRUST SINGAPORE LIMITED**

(In its capacity as trustee of Keppel REIT)  
(Incorporated in the Republic of Singapore on 4 July 1995)  
(UEN/Company Registration No. 199504677Z)

**S\$1,000,000,000**

**Multicurrency Debt Issuance Programme  
(the "Programme")**

**(in the case of Notes issued by Keppel REIT MTN Pte. Ltd.)**

**unconditionally and irrevocably guaranteed by**

**RBC Investor Services Trust Singapore Limited**

**(in its capacity as trustee of Keppel REIT)**

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

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

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

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or (in the case of such corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 32 of the Securities and Futures (Offer of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

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

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

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

**Arranger**



**CITIGROUP GLOBAL MARKETS SINGAPORE PTE. LTD.**

## TABLE OF CONTENTS

<b>NOTICE</b> .....	2
<b>FORWARD-LOOKING STATEMENTS</b> .....	7
<b>DEFINITIONS</b> .....	8
<b>CORPORATE INFORMATION</b> .....	15
<b>SUMMARY OF THE PROGRAMME</b> .....	17
<b>TERMS AND CONDITIONS OF THE NOTES</b> .....	31
<b>TERMS AND CONDITIONS OF THE PERPETUAL SECURITIES</b> .....	69
<b>KEPPEL REIT MTN PTE. LTD.</b> .....	103
<b>KEPPEL REIT</b> .....	105
<b>PORTFOLIO HIGHLIGHTS</b> .....	115
<b>SELECTED FINANCIAL INFORMATION OF KEPPEL REIT</b> .....	118
<b>COMPETITIVE STRENGTHS</b> .....	122
<b>STRATEGY</b> .....	125
<b>STRUCTURE AND ORGANISATION OF KEPPEL REIT</b> .....	127
<b>RISK FACTORS</b> .....	141
<b>PURPOSE OF THE PROGRAMME AND USE OF PROCEEDS</b> .....	162
<b>CLEARING AND SETTLEMENT</b> .....	163
<b>SINGAPORE TAXATION</b> .....	165
<b>SUBSCRIPTION, PURCHASE AND DISTRIBUTION</b> .....	175
<b>APPENDIX I GENERAL AND OTHER INFORMATION</b> .....	I-1
<b>APPENDIX II AUDITED FINANCIAL STATEMENTS OF KEPPEL REIT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013</b> .....	II-1
<b>APPENDIX III AUDITED FINANCIAL STATEMENTS OF KEPPEL REIT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014</b> .....	III-1
<b>APPENDIX IV UNAUDITED FINANCIAL STATEMENTS OF KEPPEL REIT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2015</b> .....	IV-1

## NOTICE

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

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

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

par, at a specified amount above or below par or at an amount determined by reference to a formula, in each case with terms as specified in the Pricing Supplement issued in relation to each Series or Tranche of Notes (the “Redemption Amount”). Details applicable to each Series or Tranche of Notes will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

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

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

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

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

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

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

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

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

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

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the issue of the Securities is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuers, the Guarantor, the Keppel REIT Manager, the Trustee, the Arranger or any of the Dealers or their respective Related Entities (if any) that any recipient of this Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Securities. A prospective purchaser and/or subscriber shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of each Relevant Issuer, Keppel REIT and their respective Related Entities (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the

financial condition and affairs and its appraisal of the creditworthiness of the Relevant Issuer and Keppel REIT and their respective Related Entities (if any). Accordingly, notwithstanding anything herein, no representation, warranty or undertaking express or implied is made and none of the Trustee, the Arranger, any of the Dealers or any of their respective officers, employees or agents shall be held responsible or liable as to the accuracy or completeness of the information contained in this Information Memorandum or any other information provided by either of the Issuers, the Guarantor or the Keppel REIT Manager or any of their respective officers, employees or agents in connection with the Securities or their distribution. Save as aforesaid, none of the Issuers, the Guarantor, the Keppel REIT Manager, the Trustee, the Arranger, any of the Dealers or any of their respective officers, employees or agents shall be held responsible or liable for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Securities by a recipient of this Information Memorandum or such other document or information (or such part thereof).

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated by reference in, and to form part of, this Information Memorandum: (1) any annual reports or audited consolidated accounts or summary financial statements or interim results (whether audited or unaudited) of the Issuers, Keppel REIT and their respective Related Entities (if any), and (2) any supplement or amendment to this Information Memorandum issued by the Issuers. This Information Memorandum is to be read in conjunction with all such documents which are incorporated by reference herein and, with respect to any Series or Tranche of Securities, any Pricing Supplement in respect of such Series or Tranche. Any statement contained in this Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum. Copies of all documents deemed incorporated by reference herein are available for inspection at the specified office of the Issuing and Paying Agent (as defined herein).

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

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

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

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

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



## FORWARD-LOOKING STATEMENTS

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

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

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

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

## DEFINITIONS

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

- “9M2014” : The 9 months financial period ended 30 September 2014.
- “9M2015” : The 9 months financial period ended 30 September 2015.
- “Agency Agreement” : The agency agreement dated 19 January 2009 between (1) the Keppel REIT SPV, as issuer, (2) the Keppel REIT Trustee, as guarantor, (3) Citicorp Investment Bank (Singapore) Limited, as issuing and paying agent and agent bank, (4) the Trustee, as trustee, as amended and restated by the amendment and restatement agency agreement dated 20 October 2015 made between (1) the Issuers, as issuers, (2) the Guarantor, as guarantor, (3) Citicorp Investment Bank (Singapore) Limited, as CDP paying agent, CDP agent bank, CDP registrar and CDP transfer agent, (4) Citibank N.A., London Branch, as non-CDP paying agent, non-CDP agent bank, non-CDP registrar and non-CDP transfer agent, and (5) the Trustee, as trustee, as amended, varied or supplemented from time to time.
- “Arranger” : Citigroup Global Markets Singapore Pte. Ltd.
- “associates” : An entity in which at least 20% but not more than 50% of its interests are held by Keppel REIT or the Group.
- “Bearer Securities” : Securities in bearer form.
- “Business Day” : A day (other than Saturday or Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore.
- “CBD” : The Central Business District.
- “CDP” : The Central Depository (Pte) Limited.
- “CDP Agent Bank” : Citicorp Investment Bank (Singapore) Limited.
- “CDP Paying Agent” : Citicorp Investment Bank (Singapore) Limited.
- “CDP Registrar” : Citicorp Investment Bank (Singapore) Limited.
- “CDP Transfer Agent” : Citicorp Investment Bank (Singapore) Limited.
- “Certificate” : A registered certificate representing one or more Registered Securities of the same Series and, save as provided in the Conditions of the Notes or, as the case may be, the Conditions of the Perpetual Securities, comprising the entire holding by a holder of Registered Securities of that Series.
- “CIS Code” : The Code on Collective Investment Schemes issued by the MAS (as amended or modified from time to time) pursuant to section 321 of the SFA.

<u>“Clearstream, Luxembourg”</u>	:	Clearstream Banking S.A., and includes a reference to its successors and permitted assigns.
<u>“Companies Act”</u>	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.
<u>“Conditions”</u>	:	<ul style="list-style-type: none"> <li>(i) in relation to the Notes of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part III of Schedule 1 to the Trust Deed, as modified, with respect to any Notes represented by a Global Security or a Global Certificate, by the provisions of such Global Security or, as the case may be, Global Certificate, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Notes of such Series and shall be endorsed on the Definitive Securities or, as the case may be, Certificates, subject to amendment and completion as referred to in the first paragraph appearing after the heading “Terms and Conditions of the Notes” as set out in Part III of Schedule 1 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly; and</li> <li>(ii) in relation to the Perpetual Securities of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part III of Schedule 5 to the Trust Deed, as modified, with respect to any Perpetual Securities represented by a Global Security or a Global Certificate, by the provisions of such Global Security or, as the case may be, Global Certificate, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Perpetual Securities of such Series and shall be endorsed on the Definitive Securities or, as the case may be, Certificates, subject to amendment and completion as referred to in the first paragraph appearing after the heading “Terms and Conditions of the Perpetual Securities” as set out in Part III of Schedule 5 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly.</li> </ul>
<u>“Couponholders”</u>	:	The holders of the Coupons.
<u>“Coupons”</u>	:	The interest coupons appertaining to an interest or distribution bearing Definitive Security.
<u>“Dealers”</u>	:	Persons appointed as dealers under the Programme.
<u>“Definitive Security(ies)”</u>	:	A definitive Bearer Security having, where appropriate, Coupons and/or a Talon attached on issue.
<u>“Depositors”</u>	:	Persons holding the Notes or Perpetual Securities in securities accounts with CDP.

<u>“Directors”</u>	:	The directors (including alternate directors, if any) of the Keppel REIT SPV or the Keppel REIT Manager, as the case may be, as at the date of this Information Memorandum.
<u>“Euroclear”</u>	:	Euroclear Bank S.A./N.V., and includes a reference to its successors and permitted assigns.
<u>“Extraordinary Resolution”</u>	:	A resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders duly convened under the provisions of the Keppel REIT Trust Deed.
<u>“FY”</u>	:	Financial year ended or ending 31 December.
<u>“GIC”</u>	:	Government of Singapore Investment Corporation.
<u>“Global Certificate”</u>	:	A Certificate representing Registered Securities of one or more Tranches of the same Series that are registered in the name of, or in the name of a nominee of, (1) CDP, (2) a common depository for Euroclear and/or Clearstream, Luxembourg and/or (3) any other clearing system.
<u>“Global Security”</u>	:	A global Security representing Bearer Securities of one or more Tranches of the same Series, being a Temporary Global Security and/or, as the context may require, a Permanent Global Security, in each case without Coupons or a Talon.
<u>“Group”</u>	:	Keppel REIT and its Subsidiaries.
<u>“Guarantee”</u>	:	The guarantee and indemnity of the Guarantor contained in the Trust Deed. References to the Guarantee shall only apply to Notes issued by the Keppel REIT SPV.
<u>“Guarantor”</u> or <u>“Keppel REIT Trustee”</u>	:	RBC Investor Services Trust Singapore Limited, in its capacity as trustee of Keppel REIT, and in such capacity, guarantor of the Notes issued by the Keppel REIT SPV.
<u>“IRAS”</u>	:	Inland Revenue Authority of Singapore.
<u>“Issuers”</u>	:	Keppel REIT SPV and Keppel REIT Trustee, and <u>“Issuer”</u> means either of them.
<u>“Issuing and Paying Agent”</u>	:	The CDP Paying Agent and the Non-CDP Paying Agent, and <u>“Issuing and Paying Agent”</u> means either of them.
<u>“ITA”</u>	:	Income Tax Act, Chapter 134 of Singapore.
<u>“Keppel Corporation”</u>	:	Keppel Corporation Limited.
<u>“Keppel Land”</u>	:	Keppel Land Limited.

<u>“Keppel REIT”</u>	:	Keppel Real Estate Investment Trust (or such other name as the Keppel REIT Manager (with the approval of the Keppel REIT Trustee) may from time to time determine), a real estate investment trust established in Singapore and constituted by the Keppel REIT Trust Deed.
<u>“Keppel REIT Manager”</u>	:	Keppel REIT Management Limited, as manager of Keppel REIT.
<u>“Keppel REIT Properties”</u>	:	Keppel REIT’s current and future properties (including the Properties).
<u>“Keppel REIT SPV”</u>	:	Keppel REIT MTN Pte. Ltd.
<u>“Keppel REIT Trust Deed”</u>	:	The trust deed dated 28 November 2005 constituting Keppel REIT, as supplemented by a first supplemental deed dated 2 February 2006, a second supplemental deed dated 17 March 2006, a third supplemental deed dated 30 July 2007, a fourth supplemental deed dated 17 October 2007, a fifth supplemental deed dated 19 January 2009, a sixth supplemental deed dated 16 April 2009, as amended and restated by a first amending and restating deed dated 19 April 2010, and as amended and restated by a supplemental deed dated 15 October 2012 to the first amending and restating deed, each entered into between (1) the Keppel REIT Manager, as manager of Keppel REIT, and (2) the Keppel REIT Trustee, as trustee of Keppel REIT, and as further amended, modified or supplemented from time to time.
<u>“Latest Practicable Date”</u>	:	19 October 2015.
<u>“Listing Manual”</u>	:	The listing manual of the SGX-ST.
<u>“MAS”</u>	:	Monetary Authority of Singapore.
<u>“MBFC”</u>	:	Marina Bay Financial Centre.
<u>“MBFC Tower 1”</u>	:	Marina Bay Financial Centre Tower 1.
<u>“MBFC Tower 2”</u>	:	Marina Bay Financial Centre Tower 2.
<u>“MBFC Tower 3”</u>	:	Marina Bay Financial Centre Tower 3.
<u>“MBLM”</u>	:	Marina Bay Link Mall.
<u>“MRT”</u>	:	Mass Rapid Transit.
<u>“Net Lettable Area” or “NLA”</u>	:	Comprises the floor area in a building that is to be leased, excluding common areas such as common corridors, lift shafts, fire escape staircases and toilets, being the area in respect of which rent is payable.
<u>“Non-CDP Agent Bank”</u>	:	Citibank, N.A., London Branch.
<u>“Non-CDP Paying Agent”</u>	:	Citibank, N.A., London Branch.

<u>“Non-CDP Registrar”</u>	:	Citibank, N.A., London Branch.
<u>“Non-CDP Transfer Agent”</u>	:	Citibank, N.A., London Branch.
<u>“Noteholders”</u>	:	The holders of the Notes.
<u>“Notes”</u>	:	The notes to be issued by the Relevant Issuer under the Programme.
<u>“Paying Agents”</u>	:	The Issuing and Paying Agents and such further or other Paying Agent or Paying Agents as may be appointed from time to time under the Agency Agreement.
<u>“Permanent Global Security”</u>	:	A Global Security representing Securities of one or more Tranches of the same Series, either on issue or upon exchange of interests in a Temporary Global Security.
<u>“Perpetual Securities”</u>	:	The perpetual securities issued or to be issued by the Keppel REIT Trustee under the Programme.
<u>“Perpetual Securityholders”</u>	:	The holders of the Perpetual Securities.
<u>“Pricing Supplement”</u>	:	In relation to a Tranche or Series, a pricing supplement, to be read in conjunction with this Information Memorandum, specifying the relevant issue details in relation to such Tranche or, as the case may be, Series.
<u>“Programme”</u>	:	The S\$1,000,000,000 Multicurrency Debt Issuance Programme of the Issuers.
<u>“Programme Agreement”</u>	:	The programme agreement dated 19 January 2009 and entered into by (1) the Keppel REIT SPV, as issuer, (2) the Guarantor, as guarantor, (3) the Keppel REIT Manager, and (4) Citicorp Investment Bank (Singapore) Limited, as arranger and dealer, as amended and restated by the amendment and restatement programme agreement dated 20 October 2015 made between (1) the Issuers, as issuers, (2) the Guarantor, as guarantor, (3) the Keppel REIT Manager, (4) Citigroup Global Markets Singapore Pte. Ltd., as arranger and dealer, and (5) Citicorp Investment Bank (Singapore) Limited, as original arranger and original dealer, and as further amended, restated, varied or supplemented from time to time.
<u>“Properties”</u>	:	Refers collectively to the nine properties as set out under “Keppel REIT – Keppel REIT’s Property Portfolio Key Statistics” in this Information Memorandum, or to certain of these properties (as the context requires), and <u>“Property”</u> shall mean any of them.
<u>“Property Funds Appendix”</u>	:	The guidelines for REITS issued by the MAS as Appendix 6 to the CIS Code, as amended, varied or supplemented from time to time.
<u>“Rating Agencies”</u>	:	Moody’s Investor Services Inc., Fitch Ratings Inc. and/or Standard & Poor’s Rating Services.

<u>“Registered Securities”</u>	:	Securities in registered form.
<u>“REIT”</u>	:	Real estate investment trust.
<u>“Relevant Issuer”</u>	:	In relation to any Tranche or Series of Notes, the Issuer which has concluded an agreement with the relevant Dealer(s) to issue, or which has issued the Notes of that Tranche or Series and, in relation to any Tranche or Series of Perpetual Securities, the Keppel REIT Trustee.
<u>“Securities”</u>	:	The Notes and the Perpetual Securities.
<u>“Securities Act”</u>	:	Securities Act of 1933 of the United States, as amended.
<u>“Securityholders”</u>	:	The Noteholders and the Perpetual Securityholders.
<u>“Series”</u>	:	(1) (in relation to Securities other than variable rate notes) a Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single series and (b) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (2) (in relation to variable rate notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest.
<u>“SFA”</u>	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time.
<u>“SGX-ST”</u>	:	Singapore Exchange Securities Trading Limited.
<u>“Shares”</u>	:	Ordinary shares each in the capital of the Keppel REIT SPV.
<u>“Subsidiary”</u> or <u>“subsidiary”</u>	:	<p>Any company which is for the time being, a subsidiary within the meaning of Section 5 of the Companies Act, and in relation to Keppel REIT, means any company, corporation, trust, fund or other entity (whether or not a body corporate):</p> <ol style="list-style-type: none"> <li>(1) which is controlled, directly or indirectly, by Keppel REIT (through its trustee); or</li> <li>(2) more than half the issued share capital of which is beneficially owned, directly or indirectly, by Keppel REIT (through its trustee); or</li> <li>(3) which is a subsidiary of any company, corporation, trust, fund or other entity (whether or not a body corporate) to which paragraph (1) or (2) above applies,</li> </ol> <p>and for these purposes, any company, corporation, trust, fund or other entity (whether or not a body corporate) shall be treated as being controlled by Keppel REIT if Keppel REIT (whether through its trustee or otherwise) is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.</p>

“ <u>Take-Over Code</u> ”	:	The Singapore Code on Take-Overs and Mergers, as amended or modified from time to time.
“ <u>Talons</u> ”	:	Talons for further Coupons.
“ <u>Temporary Global Security</u> ”	:	A Global Security representing Bearer Securities of one or more Tranches of the same Series on issue.
“ <u>Tranche</u> ”	:	Securities which are identical in all respects (including as to listing).
“ <u>Trust Deed</u> ”	:	The trust deed dated 19 January 2009 made between (1) the Keppel REIT SPV, as issuer, (2) the Guarantor, as guarantor, and (3) the Trustee, as trustee, as amended and supplemented by a supplemental trust deed dated 15 October 2012 made between the same parties and as amended and restated by the amendment and restatement trust dated 20 October 2015 between (1) the Issuers, as issuers, (2) the Guarantor, as guarantor, and (3) the Trustee, as trustee, and as amended, varied or supplemented from time to time.
“ <u>Trustee</u> ”	:	The Bank of New York Mellon.
“ <u>Unit</u> ”	:	One unit representing an undivided interest in Keppel REIT.
“ <u>United States</u> ” or “ <u>U.S.</u> ”	:	United States of America.
“ <u>Unitholder</u> ”	:	A holder of Unit(s).
“ <u>S\$</u> ” or “ <u>\$</u> ” and “ <u>cents</u> ”	:	Singapore dollars and cents respectively.
“ <u>US\$</u> ” or “ <u>US dollars</u> ”	:	United States dollars.
“ <u>Winding-Up</u> ”	:	Bankruptcy, termination, winding up, liquidation, receivership or similar proceedings in respect of Keppel REIT.
“ <u>%</u> ”	:	Per cent.

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



## CORPORATE INFORMATION

### Keppel REIT MTN Pte. Ltd.

- Board of Directors : Ms Ng Hsueh Ling  
Mr Kelvin Chow Chung Yip  
Ms Wong Man Li
- Company Secretaries : Mr Law Zhi-En, Daniel (Luo Zhi-En)  
Mr Tan Weiqiang, Marc
- Registered Office : 1 HarbourFront Avenue  
#18-01 Keppel Bay Tower  
Singapore 098632
- Auditors : Ernst & Young LLP  
One Raffles Quay North Tower, Level 18  
Singapore 048583

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

- Registered Office : 77 Robinson Road,  
#18-00, Robinson 77  
Singapore 068896

### Keppel REIT Management Limited

- Board of Directors : Dr Chin Wei-Li, Audrey Marie  
Ms Ng Hsueh Ling  
Mr Tan Chin Hwee  
Mr Daniel Chan Choong Seng  
Mr Lee Chiang Huat  
Mr Lor Bak Liang  
Mr Ang Wee Gee  
Professor Tan Cheng Han  
Mr Lim Kei Hin
- Company Secretaries : Mr Law Zhi-En, Daniel (Luo Zhi-En)  
Mr Tan Weiqiang, Marc
- Registered Office : 1 HarbourFront Avenue  
#18-01 Keppel Bay Tower  
Singapore 098632
- Auditors for Keppel REIT : Ernst & Young LLP  
One Raffles Quay North Tower, Level 18  
Singapore 048583
- Arranger of the Programme : Citigroup Global Markets Singapore Pte. Ltd.  
8 Marina View  
#21-00 Asia Square Tower 1  
Singapore 018960

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

## SUMMARY OF THE PROGRAMME

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

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

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

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

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

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

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

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

## NOTES

- Issuers : Keppel REIT MTN Pte. Ltd. and RBC Investor Services Trust Singapore Limited (in its capacity as trustee of Keppel REIT).
- Guarantor in respect of Notes issued by the Keppel REIT SPV : RBC Investor Services Trust Singapore Limited (in its capacity as trustee of Keppel REIT).
- Maturities : Subject to compliance with all relevant laws, regulations and directives, Notes may have maturities of such tenor as may be agreed between the Relevant Issuer and the relevant Dealer(s).
- Mandatory Redemption : Unless previously redeemed or purchased and cancelled, each Note will be redeemed at its Redemption Amount on the maturity date shown on its face.
- Interest Basis : Notes may bear interest at fixed, floating, variable or hybrid rates or such other rates as may be agreed between the Relevant Issuer and the relevant Dealer(s) or may not bear interest.
- Fixed Rate Notes : Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrears on specified dates and at maturity.
- Floating Rate Notes : Floating Rate Notes which are denominated in Singapore dollars will bear interest to be determined separately for each Series by reference to S\$ SIBOR or S\$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Relevant Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Interest periods in relation to the Floating Rate Notes will be agreed between the Relevant Issuer and the relevant Dealer(s) prior to their issue.
- Floating Rate Notes which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between the Relevant Issuer and the relevant Dealer(s).
- Variable Rate Notes : Variable Rate Notes will bear interest at a variable rate determined in accordance with the Conditions of the Notes. Interest periods in relation to the Variable Rate Notes will be agreed between the Relevant Issuer and the relevant Dealer(s) prior to their issue.
- Hybrid Notes : Hybrid Notes will bear interest, during the fixed rate period to be agreed between the Relevant Issuer and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrears on specified dates and, during the floating rate period to be agreed between the Relevant Issuer and the relevant Dealer(s), at the rate of interest to be determined by reference to S\$ SIBOR or S\$ SWAP RATE (in the case of Hybrid Notes denominated in Singapore dollars), as adjusted for any

applicable margin (provided that if the Hybrid Notes are denominated in a currency other than Singapore dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed between the Relevant Issuer and the relevant Dealer(s)), in each case payable at the end of each interest period to be agreed between the Relevant Issuer and the relevant Dealer(s).

Zero Coupon Notes : Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment.

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

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

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

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

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

- Redemption for Taxation Reasons : If so provided on the face of the Note and the relevant Pricing Supplement, the Notes may be redeemed at the option of the Relevant Issuer in whole, but not in part, on any Interest Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (as defined in the Conditions of the Notes) (together with distribution accrued to (but excluding) the date fixed for redemption), if:
- (1) the Relevant Issuer (or if the Guarantee was called, the Guarantor) has or will be become obliged to pay additional amounts as provided or referred to in Condition 8 of the Notes, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement; and
  - (2) such obligations cannot be avoided by the Relevant Issuer, or as the case may be, the Guarantor taking reasonable measures available to it,
- provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Relevant Issuer, or as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due.
- Financial Covenants : The Relevant Issuer has covenanted, and (where the Relevant Issuer is the Keppel REIT SPV), the Keppel REIT SPV and the Guarantor have jointly and severally covenanted with the Trustee that so long as any of the Notes remains outstanding, it will ensure that:
- (i) the Consolidated Net Assets Attributable to Unitholders (as defined in the Conditions of the Notes) shall not be less than S\$1,000,000,000;
  - (ii) the ratio of Consolidated Total Borrowings (as defined in the Conditions of the Notes) to Consolidated Deposited Property (as defined in the Conditions of the Notes) shall not exceed 0.60 times; and
  - (iii) the ratio of EBITDA (as defined in the Conditions of the Notes) to Interest Expense (as defined in the Conditions of the Notes) of the Group shall be at least 1.5 times.
- Events of Default : See Condition 10 of the Notes.

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

#### PERPETUAL SECURITIES

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

No Fixed Redemption Date : The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Keppel REIT Trustee shall only have the right to redeem or purchase them in accordance with the provisions of the Conditions of the Perpetual Securities.

Distribution Basis : Perpetual Securities may confer a right to receive distribution at fixed or floating rates.

Fixed Rate Perpetual Securities : Fixed Rate Perpetual Securities will confer a right to receive distribution at a fixed rate which will be payable in arrears on specified dates. If so provided on the face of the Fixed Rate Perpetual Securities, the distribution rate may be reset on such dates and bases as may be set out in the applicable Pricing Supplement.

Floating Rate Perpetual Securities : Floating Rate Perpetual Securities which are denominated in Singapore dollars will confer a right to receive distribution at a rate to be determined separately for each Series by reference to S\$ SIBOR or S\$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Keppel REIT Trustee and the relevant Dealer(s)), as adjusted for any applicable margin. Distribution periods in relation to the Floating Rate Perpetual Securities will be agreed between the Keppel REIT Trustee and the relevant Dealer(s) prior to their issue.

Floating Rate Perpetual Securities which are denominated in other currencies will confer a right to receive distribution at a rate to be determined separately for each Series by reference to such other benchmark as may be agreed between the Keppel REIT Trustee and the relevant Dealer(s).



- Distribution Discretion : The Keppel REIT Trustee may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date (as defined in the Conditions of the Perpetual Securities) by giving notice to the Trustee, the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14 of the Perpetual Securities) not more than 15 nor less than three business days (or such other notice period as may be specified on the face of the Perpetual Security and the relevant Pricing Supplement) prior to a scheduled Distribution Payment Date.
- Non-Cumulative Deferral : Any distribution deferred pursuant to Condition 4(IV) of the Perpetual Securities is non-cumulative and will not accrue interest. The Keppel REIT Trustee is not under any obligation to pay that or any other distributions that have not been paid in whole or in part. The Keppel REIT Trustee may, at its sole discretion (and is not obliged to), and at any time, elect to pay an amount up to the amount of distribution which is unpaid ("Optional Distribution") (in whole or in part) by complying with the notice requirements in Condition 4(IV)(e) of the Perpetual Securities. There is no limit on the number of times or the extent of the amount with respect to which the Keppel REIT Trustee can elect not to pay distributions pursuant to Condition 4(IV) of the Perpetual Securities.
- Any partial payment of outstanding Optional Distribution by the Keppel REIT Trustee shall be shared by the holders of all outstanding Perpetual Securities and the Coupons related to them on a *pro rata* basis.
- Restrictions in the case of Non-Payment : If on any Distribution Payment Date, payments of all distributions scheduled to be made on such date are not made in full by reason of Condition 4(IV) of the Perpetual Securities, the Keppel REIT Trustee shall procure that Keppel REIT and the subsidiaries of Keppel REIT shall not:
- (1) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on, any of the Junior Obligations of Keppel REIT or (except on a *pro rata* basis) any of the Parity Obligations of Keppel REIT; or
  - (2) redeem, reduce, cancel, buy-back or acquire for any consideration, and will procure that no redemption, reduction, cancellation, buy-back or acquisition for any consideration is made in respect of, any of the Junior Obligations of Keppel REIT or (except on a *pro rata* basis) any of the Parity Obligations of Keppel REIT,
- in each case, other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, directors or consultants of the Group or (2) as a result of the exchange or conversion of Parity Obligations of Keppel REIT for Junior Obligations of Keppel REIT unless and

until (A) a redemption of all the outstanding Perpetual Securities has occurred, the next scheduled distribution has been paid in full or an Optional Distribution equal to the amount of a distribution payable with respect to the most recent Distribution Payment Date that was unpaid in full or in part, has been paid in full or (B) the Keppel REIT Trustee is permitted to do so by an Extraordinary Resolution of the Perpetual Securityholders. For the avoidance of doubt, nothing in Condition 4(IV)(d) of the Perpetual Securities shall restrict the payment of management fees to Keppel REIT Manager in the form of units in Keppel REIT, cash or any other form of consideration.

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

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

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

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

Subordination of Perpetual Securities : Subject to the insolvency laws of Singapore and other applicable laws, in the event of the Winding-Up of the Keppel REIT, there shall be payable by the Keppel REIT Trustee in respect of each Perpetual Security (in lieu of any other payment by the Keppel REIT Trustee), such amount, if any, as would have been payable to such Perpetual Securityholder if, on the day prior to the commencement of the Winding-Up of Keppel REIT, and thereafter, such Perpetual Securityholder were the holder of one of a class of preferred units in the capital of Keppel REIT (and if more than one class of preferred units is outstanding, the most junior ranking class of such preferred units) (the “Notional Preferred Units”) having

an equal right to return of assets in the Winding-Up of Keppel REIT and so ranking *pari passu* with the holders of that class or classes of preferred units (if any) which have a preferential right to return of assets in the Winding-Up of Keppel REIT, and so rank ahead of, the holders of Junior Obligations of the Issuer, but junior to the claims of all other present and future creditors of Keppel REIT (other than Parity Obligations of Keppel REIT), on the assumption that the amount that such Perpetual Securityholder was entitled to receive in respect of each Notional Preferred Unit on a return of assets in such Winding-Up were an amount equal to the principal amount (and any applicable premium outstanding) of the relevant Perpetual Security together with distributions accrued and unpaid since the immediately preceding Distribution Payment Date or the Issue Date (as the case may be) and any unpaid Optional Distributions (as defined in Condition 4(IV)(c)) of the Perpetual Securities in respect of which the Keppel REIT Trustee has given notice to the Perpetual Securityholders in accordance with the Conditions of Perpetual Securities.

- No set-off in relation to Perpetual Securities : Subject to applicable law, no holder of Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding, counterclaim, compensation or retention in respect of any amount owed to it by the Keppel REIT Trustee in respect of, or arising under or in connection with the Perpetual Securities or Coupons relating to them, and each holder of Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding, counterclaim, compensation or retention against the Keppel REIT Trustee. Notwithstanding the preceding sentence, if at any time any Perpetual Securityholder receives payment or benefit of any sum in respect of, or arising under or in connection with the Perpetual Securities or Coupons relating to them (including any benefit received pursuant to any set-off, deduction, withholding, counterclaim, compensation or retention) other than in accordance with the Conditions of Perpetual Securities, the payment of such sum or receipt of such benefit shall, to the fullest extent permitted by law, be deemed to void for all purposes and such Perpetual Securityholder shall immediately pay an amount equal to the amount of such discharge to the Keppel REIT Trustee (or, in the event of a Winding-Up or administration of Keppel REIT, the liquidator or, as appropriate, administrator of Keppel REIT) and, until such time as payment is made, shall hold such amount in trust for the Keppel REIT Trustee (or the liquidator or, as appropriate, administrator of the Keppel REIT) and accordingly any such discharge shall be deemed not to have taken place.
- Redemption at the Option of the Keppel REIT Trustee : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Keppel REIT Trustee may, at its option, redeem the Perpetual Securities in whole, but not in part, on the First Call Date or on any Distribution Payment Date thereafter at their principal amount, together with the

distribution accrued from (and including) the immediately preceding Distribution Payment Date to (but excluding) the date fixed for redemption, on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable).

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

Redemption for Taxation  
Reasons :

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

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

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

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

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

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

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

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

Redemption in the case of Minimal Outstanding Amount	:	If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Keppel REIT Trustee in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution accrued to (but excluding) the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of the Perpetual Securities outstanding is less than 10 per cent. of the aggregate principal amount originally issued.
Limited right to institute proceedings in relation to Perpetual Securities	:	The right to institute proceedings for Winding-Up of Keppel REIT is limited to circumstances set out in Condition 9(b) of the Perpetual Securities. In the case of any distribution, such distribution will not be due if the Keppel REIT Trustee has elected not to pay that distribution in accordance with Condition 4(IV) of the Perpetual Securities.
Proceedings for Winding-Up	:	If (1) a Winding-Up of Keppel REIT occurs, or (2) the Keppel REIT Trustee does not pay any sum payable by it under the Perpetual Securities when due and, such default continues for a period of three business days after the due date, the Keppel REIT Trustee shall be deemed to be in default under the Trust Deed and the Perpetual Securities and the Trustee may, subject to the provisions of Condition 9(d) of the Perpetual Securities, institute proceedings for the Winding-Up of Keppel REIT and/or prove in the Winding-Up of Keppel REIT and/or claim in the liquidation of Keppel REIT for such payment.
Taxation	:	Where the Perpetual Securities are recognised as debt securities for Singapore income tax purposes, all payments in respect of the Perpetual Securities and the Coupons by or on behalf of the Keppel REIT Trustee shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Keppel REIT Trustee shall pay such additional amounts as will result in the receipt by the Perpetual Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. Where the Perpetual Securities are not recognised as debt securities for Singapore income tax purposes, all payments, or part thereof, in respect of the Perpetual Securities by and on behalf of the Keppel REIT Trustee may be subject to, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, in the same manner as distributions on ordinary units of Keppel REIT and Keppel REIT may be obliged (in certain circumstances) to withhold or deduct tax at the prevailing rate

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



## TERMS AND CONDITIONS OF THE NOTES

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

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

Agent”), (8) Citibank, N.A., London Branch, as registrar in respect of Non-CDP Notes (in such capacity, the “Non-CDP Registrar”, and together with the CDP Registrar, the “Registrars”, and each a “Registrar”) and transfer agent in respect of Non-CDP Notes (in such capacity, the “Non-CDP Transfer Agent”, and together with the CDP Transfer Agent, the “Transfer Agents”, and each a “Transfer Agent”). The Noteholders and the holders of the coupons (the “Coupons”) appertaining to the interest-bearing Notes (the “Couponholders”) are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the relevant Deed of Covenant.

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

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

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

## **1. FORM, DENOMINATION AND TITLE**

### **(a) Form and Denomination**

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

(b) **Title**

- (i) Subject as set out below, title to the Bearer Notes and the Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Relevant Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "Register").
- (ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.
- (iii) For so long as any of the Notes is represented by a Global Security (as defined below) or, as the case may be, a Global Certificate (as defined below) and such Global Security or Global Certificate is held by CDP, each person who is for the time being shown in the records of CDP as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by CDP as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Relevant Issuer, the Guarantor, the Issuing and Paying Agent, the Agent Bank, the Registrar, the Transfer Agent, all other agents of the Relevant Issuer, the Guarantor and the Trustee as the holder of such principal amount of Notes other than with respect to the payment of principal, interest and any other amounts in respect of the Notes, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the Relevant Issuer, the Guarantor, the Issuing and Paying Agent, the Agent Bank, the Registrar, the Transfer Agent, all other agents of the Relevant Issuer, the Guarantor and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Security or, as the case may be the Global Certificate (and the expressions "Noteholder" and "holder of Notes" and related expressions, where the context requires, shall be construed accordingly). Notes which are represented by the Global Security or, as the case may be, the Global Certificate and held by CDP will be transferable only in accordance with the rules and procedures for the time being of CDP.
- (iv) For so long as any of the Notes is represented by a Global Security or, as the case may be, a Global Certificate and such Global Security or Global Certificate is held on behalf of Euroclear S.A./N.V. ("Euroclear") and/or Clearstream Banking, S.A. ("Clearstream, Luxembourg"), each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear and/or Clearstream, Luxembourg as to the principal amount of such Notes (as the case may be) standing to the account of any person shall be conclusive and binding for all purposes, save in the case of manifest error) shall be treated by the Relevant Issuer, the Guarantor, the Issuing and Paying Agent, the Agent Bank, the Registrar, the Transfer Agent, all other agents of the Relevant Issuer, the Guarantor and the Trustee as the holder of such principal amount of such Notes other than with respect to the payment of principal, interest and any other amounts in respect of such Notes, for which purpose the holder of the Global Security or, as the case may be, the Global Certificate shall be treated by the Relevant Issuer, the Guarantor, the Issuing and Paying Agent, the Agent Bank, the

Registrar, the Transfer Agent, all other agents of the Relevant Issuer, the Guarantor and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions “Noteholder” and “holder of Notes” and related expressions, where the context requires, shall be construed accordingly). Notes which are represented by a Global Security or, as the case may be, the Global Certificate and held by Euroclear and/or Clearstream, Luxembourg will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg.

- (v) In these Conditions, “Global Security” means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing each Series, “Global Certificate” means the relevant Global Certificate representing each Series that is registered in the name of, or in the name of a nominee of, (1) CDP, (2) a common depository for Euroclear and/or Clearstream, Luxembourg and/or (3) any other clearing system, “Noteholder” means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be) and “holder” (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon, or the person in whose name a Registered Note is registered (as the case may be), “Series” means (a) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (1) expressed to be consolidated and forming a single series and (2) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (b) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest and “Tranche” means Notes which are identical in all respects (including as to listing).
- (vi) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

## **2. NO EXCHANGE OF NOTES AND TRANSFER OF REGISTERED NOTES**

(a) No Exchange of Notes:

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

(b) Transfer of Registered Notes:

Subject to Conditions 2(e) and 2(f) below, one or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Relevant Issuer) duly completed and executed and any other evidence as the Registrar or such Transfer Agent may require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part of a holding of Registered

Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Relevant Issuer or, as the case may be, the Guarantor, with the prior written approval of the Registrar and the Trustee and (in the case of any change proposed by the Registrar) with the prior written approval of the Relevant Issuer, the Guarantor and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

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

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

(d) Delivery of New Certificates:

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

(e) Transfers Free of Charge:

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

(f) Closed Periods:

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

**3. STATUS AND GUARANTEE**

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

**4. FINANCIAL COVENANTS**

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

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

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

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

For the purpose of this Condition 4:

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

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

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

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

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

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

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

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

## **5. RATE OF INTEREST**

### **(I) Interest on Fixed Rate Notes**

#### **(a) Interest Rate and Accrual**

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

The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date (and if the Interest Commencement Date is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of

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

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

**(b) Calculations**

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

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

**(a) Interest Payment Dates**

Each Floating Rate Note or Variable Rate Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each interest payment date (“Interest Payment Date”). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period (as defined below) on the face of the Note (the “Specified Number of Months”) after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined in Condition 5(II)(c)) in respect of any Variable Rate Note for any Interest Period relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

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



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

**(b) Rate of Interest – Floating Rate Notes**

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

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

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

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

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

- (A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption “ASSOCIATION OF BANKS IN SINGAPORE – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 A.M. SINGAPORE TIME” and under the column headed “SGD SIBOR” (or such other Screen Page as may be provided hereon) and as adjusted by the Spread (if any);
- (B) if no such rate appears on the Reuters Screen ABSIRFIX01 Page under the column headed “SGD SIBOR” (or such other replacement page thereof), the Agent Bank will, at or about the Relevant Time on such Interest Determination Date, determine the Rate of Interest for such Interest Period which shall be the rate which appears under the caption “SINGAPORE DOLLAR INTER-BANK OFFERED RATES – 11:00 A.M.” and the row headed “SIBOR SGD” on the Reuters Screen SIBP Page (or such other replacement page thereof), being the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);
- (C) if no such rate appears on Reuters SIBP Page (or such other replacement page thereof or if no rate appears on such other Screen

Page as may be provided hereon) or if the Reuters SIBP Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;

- (D) if on any Interest Determination Date two but not all the Reference Banks provide the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (C) above on the basis of the quotations of those Reference Banks providing such quotations; and
- (E) if on any Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about the Relevant Time on such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any) or if on such Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotation, the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);

(2) in the case of Floating Rate Notes which are Swap Rate Notes:

- (A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the Average Swap Rate for such Interest Period (determined by the Agent Bank as being the rate which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 A.M. SINGAPORE TIME" under the column headed "SGD SWAP OFFER" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the

Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period) and as adjusted by the Spread (if any);

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

In the case of Premium:

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

In the case of Discount:

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

where:

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

Spot Rate = the rate (determined by the Agent Bank) to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Reference Banks and which appear on the Reuters Screen ABSIRFIX06 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SGD SPOT AND SWAP OFFER RATES AT 11:00 A.M. SINGAPORE" and the column headed "SPOSPOT" (or such other replacement page thereof for the purpose of displaying the spot rates and swap points of leading

reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned;

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

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

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

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

In the case of Premium:

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

In the case of Discount:

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

where:

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

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

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

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

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

- (D) if on any Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with quotations of their Swap Rate(s), the Average Swap Rate shall be determined by the Agent Bank to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about the Relevant Time on such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and the Rate of Interest for the relevant Interest Period shall be the Average Swap Rate (as so determined by the Agent Bank) and as adjusted by the Spread (if any), or if on such Interest Determination Date one only or none of the

Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any); and

- (3) in the case of Floating Rate Notes which are not SIBOR Notes or Swap Rate Notes or which are denominated in a currency other than Singapore dollars, the Agent Bank will determine the Rate of Interest in respect of any Interest Period at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period as follows:
- (A) if the Primary Source for the Floating Rate is a Screen Page (as defined below), subject as provided below, the Rate of Interest in respect of such Interest Period shall be:
- (aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or
- (bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date,
- and as adjusted by the Spread (if any);
- (B) if the Primary Source for the Floating Rate is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Interest Determination Date and as adjusted by the Spread (if any); and
- (C) if paragraph (b)(ii)(3)(B) applies and the Agent Bank determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date.
- (iii) On the last day of each Interest Period, the Relevant Issuer will pay interest on each Floating Rate Note to which such Interest Period relates at the Rate of Interest for such Interest Period.

**(c) Rate of Interest – Variable Rate Notes**

- (i) Each Variable Rate Note bears interest at a variable rate determined in accordance with the provisions of this paragraph (c). The interest payable in respect of a Variable Rate Note on the first day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the “Agreed Yield” and the rate of interest payable in respect of a Variable Rate Note on the last day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the “Rate of Interest”.
- (ii) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note for each Interest Period shall, subject as referred to in paragraph (c)(iv) below, be determined as follows:
  - (1) not earlier than 9.00 a.m. (Singapore time) on the ninth business day nor later than 3.00 p.m. (Singapore time) on the third business day prior to the commencement of each Interest Period, the Relevant Issuer and the Relevant Dealer (as defined below) shall endeavour to agree on the following:
    - (A) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period;
    - (B) if interest in respect of such Variable Rate Note is agreed between the Relevant Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Relevant Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Interest Amount (as defined below) for such Variable Rate Note for such Interest Period shall be zero); and
    - (C) if interest in respect of such Variable Rate Note is agreed between the Relevant Issuer and the Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an “Agreed Rate”) and, in the event of the Relevant Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and
  - (2) if the Relevant Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3.00 p.m. (Singapore time) on the third business day prior to the commencement of such Interest Period, or if there shall be no Relevant Dealer during the period for agreement referred to in (1) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.

- (iii) The Relevant Issuer has undertaken to the Issuing and Paying Agent and the Agent Bank that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined but not later than 10.30 a.m. (Singapore time) on the next following business day:
- (1) notify the Issuing and Paying Agent and the Agent Bank of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period; and
  - (2) cause such Agreed Yield or, as the case may be, Agreed Rate for such Variable Rate Note to be notified by the Issuing and Paying Agent to the relevant Noteholder at its request.
- (iv) For the purposes of sub-paragraph (ii) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note(s) shall be the rate (the "Fall Back Rate") determined by reference to a Benchmark as stated on the face of such Variable Rate Note(s), being (in the case of Variable Rate Notes which are denominated in Singapore dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Variable Rate Note(s).

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

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

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

(d) **Definitions**

As used in these Conditions:

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

"business day" means, in respect of each Note, (i) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and CDP, as applicable, are operating, (ii) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in the country of the Issuing and Paying Agent's specified office and (iii) (if a payment



is to be made on that day) (1) (in the case of Notes denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore, (2) (in the case of Notes denominated in Euro) a day (other than a Saturday, Sunday or gazetted public holiday) on which the TARGET System is open for settlement in Euro and (3) (in the case of Notes denominated in a currency other than Singapore dollars and Euro) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore and the principal financial centre for that currency;

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

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

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

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

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

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

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

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

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

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

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

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

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

### (III) **Interest on Hybrid Notes**

#### (a) **Interest Rate and Accrual**

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

#### (b) **Fixed Rate Period**

- (i) In respect of the Fixed Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Fixed Rate Period at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of the Note in each year and on the last day of the Fixed Rate Period if that date does not fall on an Interest Payment Date.
- (ii) The first payment of interest will be made on the Interest Payment Date next following the first day of the Fixed Rate Period (and if the first day of the Fixed Rate Period is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the last day of the Fixed Rate Period falls before the date on which the first payment of interest would otherwise be due. If the last day of the Fixed Rate Period is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the first day of the Fixed Rate Period, as the case may be) to the last day of the Fixed Rate Period will amount to the Final Broken Amount shown on the face of the Note.

- (iii) Where the due date of redemption of any Hybrid Note falls within the Fixed Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal (or the Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgement) at the rate and in the manner provided in this Condition 5(III) to the Relevant Date.
- (iv) In the case of a Hybrid Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction specified hereon during the Fixed Rate Period.

**(c) Floating Rate Period**

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

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

#### **(IV) Zero-Coupon Notes**

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

#### **(V) Calculations**

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

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

##### **(b) Notification**

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

##### **(c) Determination or Calculation by the Trustee**

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

**(d) Agent Bank and Reference Banks**

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

**6. REDEMPTION AND PURCHASE**

**(a) Redemption at Maturity Date**

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

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

**(b) Redemption at Option of Noteholder**

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

**(c) Redemption at Option of the Relevant Issuer**

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

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

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

**(d) Purchase at the Option of the Relevant Issuer**

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

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

**(e) Purchase at the Option of Noteholders**

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

Relevant Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

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

**(f) Redemption for Taxation Reasons**

If so provided hereon, the Notes may be redeemed at the option of the Relevant Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero-Coupon Notes) Early Redemption Amount (as defined in Condition 6(h) below) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Relevant Issuer (or if the Guarantee was called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 8, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Relevant Issuer, or as the case may be, the Guarantor taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Relevant Issuer, or as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Relevant Issuer shall deliver (or in the case of the Keppel REIT Trustee, procure to be delivered) to the Issuing and Paying Agent a certificate signed by a duly authorised officer of the Relevant Issuer stating that the Relevant Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Relevant Issuer so to redeem have occurred, and an

opinion of independent legal or, tax or any other professional advisors of recognised standing to the effect that the Relevant Issuer, or as the case may be, the Guarantor has or likely to become obliged to pay such additional amounts as a result of such change or amendment.

**(g) Purchases**

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

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

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

**(h) Early Redemption of Zero-Coupon Notes**

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



Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 5(IV).

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

**(i) Redemption upon Termination of Keppel REIT**

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

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

**(j) Redemption upon De-listing of Keppel REIT**

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

**(k) Cancellation**

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

**7. PAYMENTS**

**(a) Principal and Interest in respect of Bearer Notes**

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

**(b) Principal and Interest in respect of Registered Notes**

- (i) Payments of principal in respect of Registered Notes will subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of the Transfer Agent or of the Registrar and in the manner provided in Condition 7(b)(ii).
- (ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "Record Date"). Payments of interest on each Registered Note shall be made by a cheque drawn in the currency in which payment is due on and mailed to the holder (or the first named of the joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any other Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account maintained by the holder in that currency with a bank in the principal financial centre of that currency.

**(c) Payments subject to law etc.**

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

**(d) Appointment of Agents**

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

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

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

**(e) Unmatured Coupons and Unexchanged Talons**

- (i) Bearer Notes which comprise Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unexpired Coupons and unexchanged Talons (if any) relating to such Notes (and, in the case of Hybrid Notes, relating to interest payable during the Fixed Rate Period), failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within the prescription period relating thereto under Condition 9.
- (ii) Subject to the provisions of the relevant Pricing Supplement upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Variable Rate Note or Hybrid Note, unexpired Coupons relating to such Note (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Note comprising Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unexpired Coupons and unexchanged Talons (if any) relating to it (and, in the case of the Hybrid Note, relating to interest payable during the Floating Rate Period), redemption shall be made only against the provision of such indemnity as the Relevant Issuer may require.
- (v) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate.

**(f) Talons**

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

**(g) Non-business days**

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

**(h) Default Interest**

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

**8. TAXATION**

**(a) Payment after Withholding**

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

- (i) by or on behalf of a holder who is subject to such Taxes by reason of his being connected with Singapore otherwise than by reason only of the holding of such Note or Coupon or the receipt of any sums due in respect of such Note or Coupon (including, without limitation, the holder being (1) a resident in Singapore for tax purposes or (2) a non-resident of Singapore who has been granted an exemption by the Inland Revenue Authority of Singapore in respect of the requirement to withhold tax on payments made to it); or
- (ii) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or

- (iii) by or on behalf of a holder who would be able to lawfully avoid (but has not so avoided) such deduction or withholding by making a declaration or any other statement including, but not limited to, a declaration of residence or non-residence but fails to do so.

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

**(b) Interpretation**

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

**9. PRESCRIPTION**

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

**10. EVENTS OF DEFAULT**

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

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

- (b) (i) the Relevant Issuer or the Guarantor fails to perform or observe any of its other obligations under the Conditions and the Trust Deed (other than the payment obligation referred to in sub-paragraph (a)) unless otherwise waived by the Trustee, and where such waiver was not granted, if in the opinion of the Trustee that default is capable of remedy, it is not in the opinion of the Trustee remedied within 30 days from the date of notice of such default by the Trustee; and
- (ii) the Relevant Issuer or the Guarantor fails to perform or observe any of its material obligations under any of the Transaction Documents (as defined in the Trust Deed) (other than the Trust Deed) unless otherwise waived by the other party(ies) to such Transaction Documents and where such waiver was not granted, if in the opinion of the Trustee that default is capable of remedy, it is not in the opinion of the Trustee remedied within 30 days from the date of notice of such default by the Trustee;
- (c) any representation, warranty or statement by the Relevant Issuer or the Guarantor in any of the Transaction Documents or any of the Notes or in any document delivered under any of the Transaction Documents or the Notes is not complied with in any respect or is or proves to have been incorrect in any respect when made or deemed repeated and, if in the opinion of the Trustee that default is capable of remedy, it is not in the opinion of the Trustee remedied within 30 days (save in respect of Clause 15(a)(iii) of the Trust Deed in relation to any bankruptcy or insolvency proceedings, within 45 days), from the date of notice of such default by the Trustee;
- (d) (i) any other present or future indebtedness of the Relevant Issuer, Keppel REIT or any Principal Subsidiary in respect of borrowed money is or is declared to be or is capable of being rendered due and payable before its stated maturity by reason of any event of default or the like (however described) or is not paid when due, or as the case may be, within any applicable grace period; or
- (ii) the Relevant Issuer, Keppel REIT or any of the Principal Subsidiaries fails to pay when properly called upon to do so any present or future guarantee of indebtedness for, or indemnity in respect of, any moneys borrowed or raised,

however, no Event of Default will occur under this paragraph (d)(i) or (d)(ii) unless and until the aggregate amount of the indebtedness in respect of which one or more of the events mentioned above in this paragraph (d) has/have occurred equals or exceeds S\$50,000,000;

- (e) the Relevant Issuer, Keppel REIT or any Principal Subsidiary shall cease or threaten to cease to carry on all or material part of its business, operations and undertakings as carried on at the date hereof (except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation, (i) on terms approved by the Trustee or by an Extraordinary Resolution of Noteholders or (ii) in the case of a Principal Subsidiary, not involving insolvency, or (iii) which does not materially and adversely affect the ability of the Relevant Issuer or, as the case may be, the Guarantor to perform or observe its obligations under the Notes, the Trust Deed or, as the case may be, the Guarantee) or (otherwise than in the ordinary course of its business) disposes or threatens to dispose of the whole or any part of its property or assets (other than permitted pursuant to Clause 16.1(aa) of the Trust Deed);

- (f) any meeting is convened, or any petition or originating summons is presented for the winding-up or termination of the Relevant Issuer, Keppel REIT or any Principal Subsidiary (save and except where (1) any petition, originating summons or step of a frivolous or vexatious nature is contested, dismissed, struck out, stayed or withdrawn within 45 days from the date the petition or originating summons is served on, or the step is taken is brought to the notice of the Relevant Issuer, Keppel REIT or the Principal Subsidiary, as the case may be, and (2) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation, (i) on terms approved by the Trustee or by an Extraordinary Resolution of Noteholders or (ii) in the case of a Principal Subsidiary, not involving insolvency, or (iii) which does not materially and adversely affect the ability of the Relevant Issuer or, as the case may be, the Guarantor to perform or observe its obligations under the Notes, the Trust Deed or, as the case may be, the Guarantee) or any step is taken for the appointment of a liquidator (including a provisional liquidator), receiver, judicial manager, trustee administrator, agent or similar officer of the Relevant Issuer, Keppel REIT or any Principal Subsidiary or over a material part of the assets of the Relevant Issuer, Keppel REIT or any Principal Subsidiary;
- (g) the Relevant Issuer, Keppel REIT or any Principal Subsidiary is (or is deemed by law or a court to be) insolvent, or proposes or makes a general assignment or an arrangement or scheme or composition with or for the benefit of the creditors of the Relevant Issuer, Keppel REIT or any Principal Subsidiary, or a moratorium is agreed or declared in respect of or affecting all or a material part of the indebtedness of the Relevant Issuer, Keppel REIT or any Principal Subsidiary;
- (h) a distress, attachment or execution or other legal process is levied, enforced or sued out upon or against all or a material part of the properties or assets of the Relevant Issuer, Keppel REIT or any Principal Subsidiary and is not discharged or stayed within 45 days;
- (i) any security on or over the whole or any material part of the assets of the Relevant Issuer, Keppel REIT or any Principal Subsidiary becomes enforceable;
- (j) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a substantial part of the assets of the Relevant Issuer, Keppel REIT or any Principal Subsidiary;
- (k) any event occurs which, under the laws of any relevant jurisdiction, has in the Trustee's opinion, an analogous effect to any of the events referred to in paragraphs (f) to (j) above;
- (l) it is or will become unlawful or illegal for the Relevant Issuer or the Guarantor to observe, perform or comply with any one or more of its payment or other material obligations under the Notes or any other Transaction Document to which it is a party;
- (m) (i) any Transaction Document to which it is a party or the Notes ceases or is claimed by the Relevant Issuer or the Guarantor to cease at any time and for any reason to constitute legal and valid obligations of the Relevant Issuer or the Guarantor binding upon it in accordance with its terms; or  
(ii) any applicable law, directive, order or judgement is enacted, promulgated or entered, the effect of which would be to render any Transaction Document to which the Relevant Issuer or the Guarantor is a party unenforceable;

- (n) any action, condition or thing (including the obtaining of any necessary consent) at any time required to be taken, fulfilled or done for any of the purposes stated in Clause 15(c) of the Trust Deed is not taken, fulfilled or done, or any decree, resolution, authorisation, approval, consent, filing, registration or exemption necessary for the execution and delivery of the Notes on behalf of the Relevant Issuer and the performance of the Relevant Issuer's or the Guarantor's obligations under the Notes, the Trust Deed and/or the Guarantee (as the case may be) is withdrawn or modified or otherwise ceases to be in full force and effect without modification or any condition in or relating to any such consent is not complied with;
- (o) (i) (1) the Keppel REIT Trustee (as defined in the Trust Deed) resigns, retires, ceases to be or is removed or is unable to continue to act as the trustee of Keppel REIT; or (2) the ability of the Relevant Issuer or the Guarantor to perform its obligations under the Transaction Documents to which it is a party or any of the Notes is prevented or restricted as a result of matters relating to the Keppel REIT Trustee (including but not limited to the winding-up or insolvency proceedings involving the Keppel REIT Trustee); and (ii) the replacement or substitute trustee of Keppel REIT is not appointed in accordance with the terms of the Keppel REIT Trust Deed and/or in accordance with the applicable law;
- (p) the Keppel REIT Manager is removed pursuant to the terms of the Keppel REIT Trust Deed, and the replacement or substitute manager is not appointed in accordance with the terms of the Keppel REIT Trust Deed;
- (q) any litigation, arbitration or other proceedings (other than those which are (a) of a frivolous or vexatious nature and (b) discharged within 45 days of its commencement) against the Relevant Issuer, the Guarantor, Keppel REIT or any of the Principal Subsidiaries is pending or threatened which individually or in the aggregate (i) would restrain the entry into, exercise of any of the rights and/or the performance or enforcement of or compliance with any of the payment or other material obligations of the Relevant Issuer and/or the Guarantor under the Transaction Documents to which it is a party or any of the Notes, or (ii) which has or could have a material adverse effect on the Relevant Issuer, the Guarantor and/or Keppel REIT taken as a whole; or
- (r) the Relevant Issuer, the Guarantor or any of the Subsidiaries of Keppel REIT is declared by the Minister of Finance to be a declared company under the provisions of Part IX of the Companies Act, Chapter 50 of Singapore.

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

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



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

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

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

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

## **11. ENFORCEMENT**

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

## **12. MEETING OF NOTEHOLDERS, MODIFICATIONS AND SUBSTITUTIONS**

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

The Trustee, the Relevant Issuer or the Guarantor at any time may, and the Trustee upon the request in writing by Noteholders holding not less than 25 per cent. of the principal amount of the Notes of any Series for the time being outstanding shall, after being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses, convene a meeting of the Noteholders of that Series. An Extraordinary Resolution duly passed at any

such meeting shall be binding on all the Noteholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (c) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates of interest or the basis for calculating any Interest Amount, (d) to vary any method of, or basis for, calculating the Redemption Amount or the Early Redemption Amount including the method of calculating Amortised Face Amount (e) to vary the currency or currencies of payment or denomination of the Notes, (f) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (g) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, (h) to cancel or modify the Guarantee, will only be binding if passed at a meeting of the Noteholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

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

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

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

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

The Trustee may, without the consent of the individual Noteholders or Couponholders, at any time agree to the substitution in place of the existing Keppel REIT Trustee as the Relevant Issuer or, in the case of Notes issued by the Keppel REIT SPV, as the Guarantor of another

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

### **13. REPLACEMENT OF NOTES, CERTIFICATES, COUPONS AND TALONS**

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

### **14. FURTHER ISSUES**

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

### **15. PROVISIONS RELATING TO THE TRUSTEE**

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

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

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

## **16. NOTICES**

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

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

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

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

## **17. GOVERNING LAW**

### **(a) Governing Law**

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

(b) Jurisdiction

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

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

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

**19. LIABILITY OF THE KEPPEL REIT TRUSTEE**

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

(b) Notwithstanding any provision to the contrary in the Trust Deed, the Notes and the Coupons, it is hereby agreed that RBC Investor Services Trust Singapore Limited’s obligations under the Trust Deed, the Notes and the Coupons will be solely the corporate obligations of RBC Investor Services Trust Singapore Limited and that the Trustee, the Noteholders and the Couponholders shall not have any recourse against the shareholders, directors, officers or employees of RBC Investor Services Trust Singapore Limited for any claims, losses, damages, liabilities or other obligations whatsoever in connection with any of the transactions contemplated by the provisions of the Trust Deed, the Notes and the Coupons. The foregoing shall not restrict or

prejudice the rights or remedies of the Trustee, the Noteholders and the Couponholders under law or equity whether in connection with any negligence, fraud or breach of trust of RBC Investor Services Trust Singapore Limited.

- (c) For the avoidance of doubt, any legal action or proceedings commenced against the Keppel REIT Trustee whether in Singapore or elsewhere pursuant to the Trust Deed, the Notes and the Coupons shall be brought against RBC Investor Services Trust Singapore Limited only in its capacity as trustee for Keppel REIT and not in its personal capacity. The foregoing shall not restrict or prejudice the rights or remedies of the Trustee, the Noteholders and the Couponholders under law or equity whether in connection with any negligence, fraud or breach of trust of RBC Investor Services Trust Singapore Limited.
- (d) The provisions of this Condition 19 shall apply, *mutatis mutandis*, to any notices, certificates or other documents which the Keppel REIT Trustee issues under or pursuant to the Notes and any documents in connection therewith as if expressly set out in such notice, certificate or document and survive the termination or rescission of the Trust Deed, any Supplemental Trust Deeds (if any), the Notes or the Coupons.

CDP PAYING AGENT, CDP REGISTRAR AND CDP TRANSFER AGENT

CITICORP INVESTMENT BANK (SINGAPORE) LIMITED

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

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

CITIBANK N.A., LONDON BRANCH

Citigroup Centre, Canada Square  
Canary Wharf  
London E14 5LB

## TERMS AND CONDITIONS OF THE PERPETUAL SECURITIES

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

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

Registrar", together with the CDP Registrar, the "Registrars", and each a "Registrar") and non-CDP transfer agent (the "Non-CDP Transfer Agent", together with the CDP Transfer Agent, the "Transfer Agents", and each a "Transfer Agent"), and (9) the Trustee, as trustee (as further amended, varied or supplemented from time to time, the "Agency Agreement").

The Perpetual Securityholders (as defined below) and the holders (the "Couponholders") of distribution coupons (the "Coupons") appertaining to the Perpetual Securities in bearer form and, where applicable in the case of such Perpetual Securities, talons for further Coupons (the "Talons") are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

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

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

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

## **1. FORM, DENOMINATION AND TITLE**

### **(a) Form and Denomination**

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



(b) Title

- (i) Title to the Bearer Perpetual Securities and the Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Perpetual Securities shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "Register").
- (ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Perpetual Security, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Perpetual Security, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Perpetual Security, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft, loss or forgery thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.
- (iii) For so long as any of the Perpetual Securities is represented by a Global Security (as defined below) or, as the case may be, a Global Certificate (as defined below) and such Global Security or Global Certificate is held by CDP, each person who is for the time being shown in the records of CDP as the holder of a particular principal amount of such Perpetual Securities (in which regard any certificate or other document issued by CDP as to the principal amount of such Perpetual Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the CDP Paying Agent, the CDP Agent Bank, the CDP Registrar, the CDP Transfer Agent, all other agents of the Issuer and the Trustee as the holder of such principal amount of Perpetual Securities other than with respect to the payment of principal, premium, distribution, redemption, purchase and any other amounts in respect of the Perpetual Securities, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the CDP Paying Agent, the CDP Agent Bank, the CDP Registrar, the CDP Transfer Agent, all other agents of the Issuer and the Trustee as the holder of such Perpetual Securities in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions "Perpetual Securityholder" and "holder of Perpetual Securities" and related expressions, where the context requires, shall be construed accordingly). Perpetual Securities which are represented by the Global Security or, as the case may be, the Global Certificate and held by CDP will be transferable only in accordance with the rules and procedures for the time being of CDP. For so long as any of the Perpetual Securities is represented by a Global Security or, as the case may be, a Global Certificate and such Global Security or, as the case may be, such Global Certificate is held by CDP, the record date for the purposes of determining entitlements to any payment of principal and any other amounts in respect of the Perpetual Securities shall, unless otherwise specified by the Issuer, be the date falling five Business Days prior to the relevant payment date.

For so long as any of the Perpetual Securities is represented by a Global Security or, as the case may be, a Global Certificate and such Global Security or Global Certificate is held by a common depository for Euroclear Bank S.A./N.V. ("Euroclear") and/or Clearstream Banking S.A. ("Clearstream, Luxembourg"), each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as the holder of a particular principal amount of such Perpetual Securities (in which regard any certificate or other document issued by Euroclear and/or Clearstream, Luxembourg as to the principal amount of such

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

- (iv) In these Conditions, “Global Security” means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing each Series, “Global Certificate” means the relevant Global Certificate representing each Series that is registered in the name of, or in the name of a nominee of, (1) a common depository for Euroclear and/or Clearstream, Luxembourg, (2) CDP and/or (3) any other clearing system, “Perpetual Securityholder” means the bearer of any Bearer Perpetual Security or the person in whose name a Registered Perpetual Security is registered (as the case may be) and “holder” (in relation to a Perpetual Security, Coupon or Talon) means the bearer of any Bearer Perpetual Security, Coupon or Talon or the person in whose name a Registered Perpetual Security is registered (as the case may be), “Series” means a Tranche, together with any further Tranche or Tranches, which are (1) expressed to be consolidated and forming a single series and (2) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of distribution and “Tranche” means Perpetual Securities which are identical in all respects (including as to listing).
- (v) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

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

- (a) No Exchange of Perpetual Securities:

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

(b) Transfer of Registered Perpetual Securities:

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

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

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

(d) Delivery of New Certificates:

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

(e) Transfers Free of Charge:

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

(f) Closed Periods:

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

### 3. STATUS

(i) Status of Perpetual Securities

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

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

(ii) Subordination

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

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

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

(iii) No set-off

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

#### **4. DISTRIBUTION AND OTHER CALCULATIONS**

##### **(I) DISTRIBUTION ON FIXED RATE PERPETUAL SECURITIES**

(a) Distribution Rate

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

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

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

(b) Distribution Rate

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

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

For the purposes of these Conditions:

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

“Swap Offer Rate” means:

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

Agent Bank determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Agent Bank after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business on one or more of the said five consecutive business days prior to and ending on the Reset Determination Date, the swap offer rate will be the rate per annum notified by the Agent Bank to the Issuer equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates which are available in such five-consecutive-business-day period or, if only one rate is available in such five-consecutive-business-day period, such rate; and

- (dd) if on the Reset Determination Date, no rate is available on Page TPIS on the monitor of the Bloomberg Agency under the caption “Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD” and the column headed “Ask” (or if the Agent Bank determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Agent Bank after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business in such five-consecutive-business-day period, the Agent Bank will request the principal Singapore offices of the Reference Banks to provide the Agent Bank with quotation(s) of their swap offer rates for a period equivalent to the duration of the Reset Period at the close of business on the Reset Determination Date. The swap offer rate for such Reset Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations, as determined by the Agent Bank or, if only one of the Reference Banks provides the Agent Bank with such quotation, such rate quoted by that Reference Bank,

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

(c) Calculation of Reset Distribution Rate

The Agent Bank will, on the Reset Determination Date, determine the applicable Reset Distribution Rate payable in respect of each Perpetual Security. The determination of the Reset Determination Date, the obtaining of each quotation and the making of each determination or calculation by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

(d) Notification of Relevant Reset Distribution Rate

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

(e) Determination or Calculation by Trustee

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

(f) Calculations

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

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

**(II) DISTRIBUTION ON FLOATING RATE PERPETUAL SECURITIES**

(a) Distribution Payment Dates

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



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

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

(b) Rate of Distribution – Floating Rate Perpetual Securities

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

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

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

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

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

- (A) the Agent Bank will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Distribution Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption “ABS SIBOR FIX – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 HRS SINGAPORE TIME” and under the column headed “SGD SIBOR” (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page (as defined below) as may be provided hereon) and as adjusted by the Spread (if any), in consultation with the Issuer and taking into account the industry practice at the relevant time and recommendations by the Association of Banks in Singapore;

- (B) if on any Distribution Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page under the column headed “SGD SIBOR” (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Distribution Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Distribution Period commencing on such Distribution Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Perpetual Securities. The Rate of Distribution for such Distribution Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;
- (C) if on any Distribution Determination Date, two but not all the Reference Banks provide the Agent Bank with such quotations, the Rate of Distribution for the relevant Distribution Period shall be determined in accordance with (B) above on the basis of the quotations of those Reference Banks providing such quotations; and
- (D) if on any Distribution Determination Date, one only or none of the Reference Banks provides the Agent Bank with such quotations, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about the Relevant Time on such Distribution Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Distribution Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Perpetual Securities for such Distribution Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any) or if on such Distribution Determination Date, one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Distribution Determination Date and as adjusted by the Spread (if any);

- (2) in the case of Floating Rate Perpetual Securities which are Swap Rate Perpetual Securities:
- (A) the Agent Bank will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption “SGD SOR rates as of 11:00 hrs London Time” and under the column headed “SGD SOR” (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Distribution Determination Date and for a period equal to the duration of such Distribution Period and as adjusted by the Spread (if any);
  - (B) if on any Distribution Determination Date, no such rate is quoted on Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will determine the Rate of Distribution for such Distribution Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to four decimal places)) for a period equal to the duration of such Distribution Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Agent Bank may select in consultation with the Issuer; and
  - (C) if on any Distribution Determination Date, the Agent Bank is otherwise unable to determine the Rate of Distribution under paragraphs (b)(ii)(2)(A) and (b)(ii)(2)(B) above, the Rate of Distribution shall be determined by the Agent Bank to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about 11.00 a.m. (Singapore time) on the first business day following such Distribution Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Distribution Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Perpetual Securities for such Distribution Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Agent Bank with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Distribution Determination Date and as adjusted by the Spread (if any); and

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

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

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

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

and as adjusted by the Spread (if any);

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

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

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

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

(c) Definitions

As used in these Conditions:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **(III) CALCULATIONS**

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

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

(b) Notification

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

(c) Determination or Calculation by the Trustee

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

(d) Agent Bank and Reference Banks

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

**(IV) DISTRIBUTION DISCRETION**

(a) Optional Payment

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

(b) No Obligation to Pay

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

(c) Non-Cumulative Deferral

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

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

(d) Restrictions in the case of Non-Payment

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

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

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



(e) Satisfaction of Optional Distribution

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

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

(f) No Default

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

**5. REDEMPTION AND PURCHASE**

(a) No Fixed Redemption Date

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

(b) Redemption at the Option of Issuer

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

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

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

In the case of a partial redemption of the Perpetual Securities, the notice to Perpetual Securityholders shall also contain the certificate numbers of the Bearer Perpetual Securities or, in the case of Registered Perpetual Securities, shall specify the principal amount of Registered Perpetual Securities drawn and the holder(s) of such Registered Perpetual Securities, to be redeemed, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Perpetual Securities are listed on any Stock Exchange (as defined in the Trust Deed), the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of such Perpetual Securities.

(c) Redemption for Taxation Reasons

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

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

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

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

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

(d) Redemption for Accounting Reasons

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

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

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

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

(e) Redemption for Tax Deductibility

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

- (i) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date;
- (ii) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date; or

- (iii) any applicable official interpretation or pronouncement (which, for the avoidance of doubt, includes any ruling) which is issued or announced on or after the Issue Date that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position which is issued or announced before the Issue Date,

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

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

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

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

(f) Redemption upon a Regulatory Event

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole but not in part on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount, (together with distribution accrued to (but excluding) the date fixed for redemption), if as a result of any change in, or amendment to, the Property Funds Appendix (as defined in Condition 18), or any change in the application or official interpretation of the Property Funds Appendix, the Securities will count towards the Aggregate Leverage (as defined in Condition 18) under the Property Funds Appendix, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Perpetual Securities will count towards the Aggregate Leverage.

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

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

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

(g) Redemption upon a Ratings Event

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

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

(h) Redemption in the case of Minimal Outstanding Amount

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

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

(i) Purchases

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

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

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

(j) Cancellation

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

**6. PAYMENTS**

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

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

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

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

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

(c) Payments Subject to Law etc.

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

(d) Appointment of Agents

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

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

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

(e) Unmatured Coupons and Unexchanged Talons

(i) Bearer Perpetual Securities which comprise Fixed Rate Perpetual Securities should be surrendered for payment together with all unexpired Coupons (if any) relating to such Perpetual Securities, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be

paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).

- (ii) Subject to the provisions of the relevant Pricing Supplement, upon the due date for redemption of any Bearer Perpetual Security comprising a Floating Rate Perpetual Security, unmatured Coupons relating to such Perpetual Security (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Perpetual Security, any unexchanged Talon relating to such Perpetual Security (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Perpetual Security comprising a Floating Rate Perpetual Security is presented for redemption without all unmatured Coupons, and where any Bearer Perpetual Security is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (v) If the due date for redemption or repayment of any Perpetual Security is not a due date for payment of distribution, distribution accrued from the preceding due date for payment of distribution or the Distribution Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Perpetual Security or Certificate.

(f) Talons

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

(g) Non-business days

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

## **7. TAXATION**

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



except that no such additional amounts shall be payable in respect of any Perpetual Security or Coupon presented (or in respect of which the Certificate representing it is presented) for payment:

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

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

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

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

## 8. PRESCRIPTION

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

## 9. NON-PAYMENT

### (a) Non-payment when due

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

### (b) Proceedings for Winding-Up

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

### (c) Enforcement

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

### (d) Entitlement of Trustee

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

(e) Right of Perpetual Securityholders or Couponholder

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

(f) Extent of Perpetual Securityholders' remedy

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

(g) Damages subject to Subordination

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

## **10. MEETING OF PERPETUAL SECURITYHOLDERS AND MODIFICATIONS**

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

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

be binding if passed at a meeting of the Perpetual Securityholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

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

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

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

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

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

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

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

## **12. FURTHER ISSUES**

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

## **13. PROVISIONS RELATING TO THE TRUSTEE**

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

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

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

## **14. NOTICES**

Notices to the holders of Registered Perpetual Securities shall be valid if mailed to them at their respective addresses in the Register and shall be deemed to have been given two days after the date of mailing. Notwithstanding the foregoing, notices to the holders of Perpetual

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

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

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

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

## **15. LIABILITY OF THE KEPPEL REIT TRUSTEE**

- (a) Notwithstanding any provision to the contrary in the Trust Deed, the Supplemental Trust Deeds (if any), the Perpetual Securities or the Coupons, the Trustee, the Perpetual Securityholders and the Couponholders agree and acknowledge that RBC Investor Services Trust Singapore Limited has entered into the Trust Deed only in its capacity as trustee of Keppel REIT and not in its personal capacity and all references to (i) the “Keppel REIT Trustee”, (ii) (in the case where the Keppel REIT Trustee is the issuer), the “Issuer” and (iii) (in the case where the Keppel REIT Trustee is the guarantor) the “Guarantor” in the Trust Deed, the Supplemental Trust Deeds (if any), the Perpetual Securities and the Coupons shall be construed accordingly. As such, notwithstanding any provision to the contrary in the Trust Deed, the Supplemental Trust Deeds (if any), the Perpetual Securities and the Coupons, RBC Investor Services Trust Singapore Limited has assumed all obligations under the Trust Deed, the Supplemental Trust Deeds (if any), the Perpetual Securities and the Coupons only in its capacity as trustee of Keppel REIT and not in its personal capacity. Any liability of or indemnity, covenant, undertaking, representation and/or warranty given by the Keppel REIT Trustee under the Trust Deed, the Supplemental Trust Deeds (if any), the Perpetual Securities and the

Coupons is given by RBC Investor Services Trust Singapore Limited only in its capacity as trustee of Keppel REIT and not in its personal capacity and any power and right conferred on any receiver, attorney, agent and/or delegate under the Trust Deed, the Supplemental Trust Deeds (if any), the Perpetual Securities and the Coupons is limited to the assets of Keppel REIT over which RBC Investor Services Trust Singapore Limited has recourse and shall not extend to any personal assets of RBC Investor Services Trust Singapore Limited or any assets held by RBC Investor Services Trust Singapore Limited as trustee for any trusts (other than Keppel REIT). Any obligation, matter, act, action or thing required to be done, performed or undertaken by the RBC Investor Services Trust Singapore Limited under the Trust Deed, the Supplemental Trust Deeds (if any), the Perpetual Securities and the Coupons shall only be in connection with matters relating to Keppel REIT (and shall not extend to RBC Investor Services Trust Singapore Limited's obligations in respect of any other trust or real estate investment trust of which it is a trustee). The foregoing shall not discharge RBC Investor Services Trust Singapore Limited from any negligence, fraud or breach of trust of RBC Investor Services Trust Singapore Limited.

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

## **16. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT**

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

## **17. GOVERNING LAW AND JURISDICTION**

### **(a) Governing Law**

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

### **(b) Jurisdiction**

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

## **18. DEFINITIONS**

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

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

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

### **CDP PAYING AGENT, CDP REGISTRAR AND CDP TRANSFER AGENT**

CITICORP INVESTMENT BANK (SINGAPORE) LIMITED

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

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

CITIBANK N.A., LONDON BRANCH

Citigroup Centre, Canada Square  
Canary Wharf  
London E14 5LB



## KEPPEL REIT MTN PTE. LTD.

### History and Business

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

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

### Registered Office

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

### Shareholding and Capital

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

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

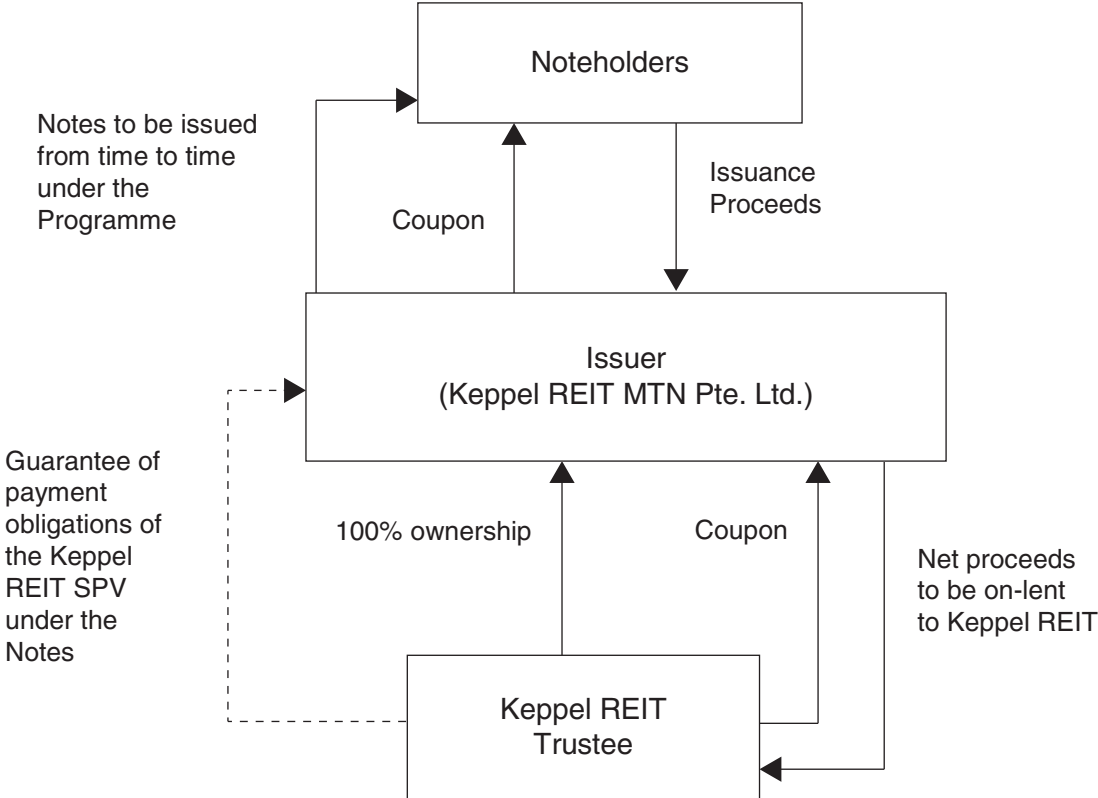
On 11 February 2015, the Keppel REIT SPV issued S\$50,000,000 in aggregate principal amount of 3.15 per cent. Notes due 2022 under the Programme, which Notes are unconditionally and irrevocably guaranteed by the Keppel REIT Trustee.

### Directors

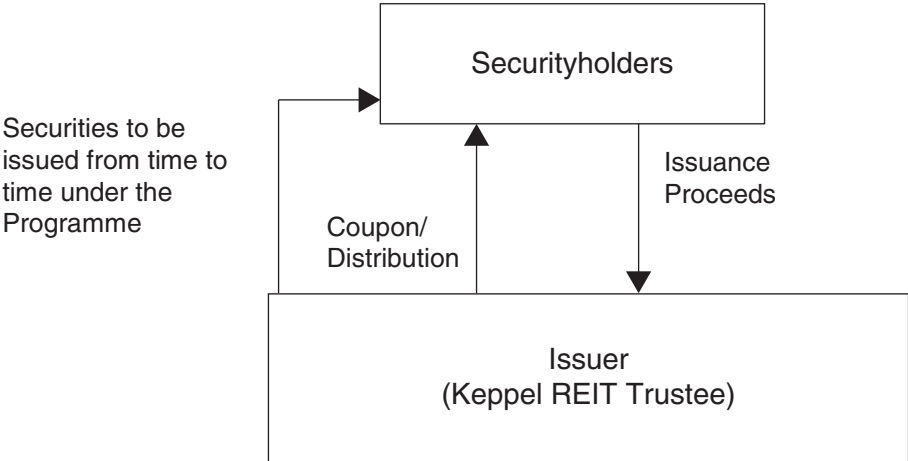
As at the date of this Information Memorandum, the Directors of the Keppel REIT SPV are:

<b>Name</b>	<b>Business Address</b>
Ms Ng Hsueh Ling	230 Victoria Street #15-03, Bugis Junction Towers Singapore 188024
Mr Kelvin Chow Chung Yip	230 Victoria Street #15-03, Bugis Junction Towers Singapore 188024
Ms Wong Man Li	230 Victoria Street #15-03, Bugis Junction Towers Singapore 188024

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



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



# KEPPEL REIT

## OVERVIEW

Keppel REIT was established as a Singapore-based real estate investment trust on 28 November 2005 with the objective of generating stable returns to Unitholders by owning and investing in a portfolio of quality real estate and real estate-related assets which are income producing and are predominantly used for commercial purposes in Singapore and Asia-Pacific. Keppel REIT was listed on the SGX-ST on 28 April 2006 by way of an introduction. Its market capitalisation as at the Latest Practicable Date is approximately S\$3.20 billion.

As at the date of this Information Memorandum, Keppel REIT's portfolio comprises nine premium commercial assets strategically located in Singapore's prime business and financial districts as well as Sydney, Melbourne, Brisbane and Perth in Australia. As at the Latest Practicable Date, in Singapore, Keppel REIT owns (1) a 99.9% interest in Ocean Financial Centre, (2) a one-third interest in MBFC Tower 1, MBFC Tower 2, MBFC Tower 3 and MBLM, (3) a one-third interest in One Raffles Quay and (4) a 100.0% interest in Bugis Junction Towers. As at the Latest Practicable Date, in Australia, Keppel REIT owns (a) a 50.0% interest in 8 Chifley Square, Sydney, (b) a 100.0% interest in Lots 1, 3, 4 and 5 of 77 King Street, Sydney, (c) a 50.0% interest (as a tenant-in-common) in the office development and two retail units, as well as a 100.0% interest in the three retail units at 8 Exhibition Street, Melbourne, (d) a 50.0% interest (as a tenant-in-common) in 275 George Street, Brisbane and (e) a 50.0% interest in a new office tower at the site of the Old Treasury Building, Perth (which was recently completed on 31 August 2015).

As at the Latest Practicable Date, Keppel REIT is rated and allowed to borrow up to a maximum of 60.0% of the value of its deposited properties under the Property Funds Appendix. As at 30 September 2015, the Group's short and long term borrowings (including its proportionate share of the borrowings at the level of associates and deferred payments) amount to approximately S\$3.55 billion.

## KEY RECENT DEVELOPMENTS

### Divestment of Prudential Tower in Singapore

On 26 September 2014, Keppel REIT completed its divestment (the "Divestment") of 92.8% of the aggregate strata area of Prudential Tower for an aggregate consideration of S\$512.0 million. The sale price of S\$512.0 million is S\$162.9 million higher than Keppel REIT's original purchase price of S\$349.1 million.

Prior to the Divestment, Keppel REIT owned 92.8% of the aggregate strata area of Prudential Tower. The valuation conducted by Knight Frank of the strata area owned by Keppel REIT was S\$490.0 million as at 28 April 2014.

Keppel REIT recognised a gain on the Divestment of approximately S\$16.2 million over the book value of S\$490.0 million for FY2014.

### Acquisition of a one-third interest in MBFC Tower 3

On 16 December 2014, Keppel REIT completed the acquisition of 200 ordinary shares being one-third of the issued share capital of Central Boulevard Development Pte. Ltd. ("CBDPL") which holds MBFC Tower 3 (the "Acquisition") for a total agreed value of S\$1,248.0 million, which includes an approximate S\$49.2 million of rental support for up to five years. The agreed value net of rental support is S\$1,198.8 million, which is equivalent to S\$2,680 per square foot ("sq ft"). Excluding the net liabilities of S\$532.9 million carried at CBDPL, the amount paid to the vendor was approximately S\$715.1 million.

Following the Acquisition, Keppel REIT now has an ownership interest in all the three office towers and the subterranean mall, MBLM, at MBFC. This has significantly upgraded Keppel REIT's portfolio and improved the overall portfolio age to approximately five years old. Keppel REIT is now the Singapore REIT with the youngest and largest portfolio of premium Grade A commercial assets in Singapore's prime business and financial districts.

#### Establishment of distribution reinvestment plan

On 20 July 2015, the Keppel REIT Manager announced the establishment of a distribution reinvestment plan ("DRP"), pursuant to which Unitholders may elect to receive new Units in lieu of part only or all of the cash amount of any distribution to which the DRP applies. The DRP may be applied from time to time to any distribution declared by Keppel REIT as the Keppel REIT Manager may determine in its absolute discretion. Participation in the DRP is optional and Unitholders may elect to participate in respect of part or all of their unitholdings. Unless the Keppel REIT Manager has determined that the DRP will apply to any particular distribution, the distribution concerned will be paid in cash to Unitholders in the usual manner.

The DRP provides Unitholders with an opportunity to elect to receive distributions in the form of fully-paid new Units, instead of cash. This will enable Unitholders to increase their unitholdings in Keppel REIT without incurring brokerage fees, stamp duties (if any) and other related costs. The Keppel REIT Manager believes that the issue of new Units in lieu of cash distributions under the DRP will also strengthen Keppel REIT's balance sheet, enhance its working capital reserves and improve the liquidity of the Units.

#### Acquisition of three prime retail units at 8 Exhibition Street, Melbourne

On 12 October 2015, Keppel REIT completed the acquisition of three prime street-fronting retail units at 8 Exhibition Street in Melbourne, Australia. The acquisition price for the three units is A\$8.6 million or S\$8.6 million<sup>1</sup>.

Prior to the acquisition, Keppel REIT owned a 50.0% stake in the 8 Exhibition Street office development and two retail units. The addition of the three remaining retail units (of approximately 5,500 sq ft) will provide Keppel REIT strategic control over the 35-storey freehold office building and all five retail units at 8 Exhibition Street.

The three retail units are currently 100.0% leased to two popular and established food and beverage outlets for 10 years with options to renew for another 30 years.

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<sup>1</sup> Based on the exchange rate of A\$1=S\$1, as at 30 September 2015.

## KEPPEL REIT'S PROPERTY PORTFOLIO KEY STATISTICS

The key statistics for Keppel REIT's property portfolio in Singapore and Australia as at 30 September 2015 are set out in the tables below.

### Singapore Portfolio

	Bugis Junction Towers	Marina Bay Financial Centre <sup>(1)</sup>	One Raffles Quay <sup>(1)</sup>	Ocean Financial Centre <sup>(2)</sup>
<b>Description</b>	<p>Located along Victoria Street, Bugis Junction Towers is above the Bugis MRT interchange station.</p> <p>The office tower, which offers approximately 245,000 sq ft of space, is part of the integrated mixed-use development which also includes the Bugis Junction retail mall and the five-star InterContinental Singapore Hotel.</p>	<p>MBFC is an integrated development which comprises three office Towers 1, 2, and 3; two residential developments – Marina Bay Residences and Marina Bay Suites; as well as a subterranean retail mall, MBLM.</p> <p>MBFC Towers 1, 2 and 3 stand at 33-, 50- and 46-stories respectively and offer a total of approximately 3 million sq ft of prime office space. Tenants enjoy large column-free office space of approximately 20,000 sq ft to 45,000 sq ft.</p> <p>MBFC is connected to other developments in the Marina Bay precinct and the Raffles Place MRT interchange and Downtown MRT stations via an underground pedestrian network.</p> <p>MBFC is close to a wide range of Singapore landmarks including the Marina Bay Sands integrated resort, Gardens by the Bay, Esplanade – Theatres on the Bay, international and boutique hotels, luxury residences as well as a range of dining and retail outlets.</p>	<p>A commercial development in the Marina Bay financial district, One Raffles Quay comprises two Grade A office buildings – the North and South Towers.</p> <p>At 50 storeys, the North Tower offers column-free floor space of approximately 18,000 sq ft, while the 29-storey South Tower offers approximately 30,000 sq ft of floor space. Together, both towers offer over 1.3 million sq ft of Grade A office space.</p> <p>One Raffles Quay is connected to the Raffles Place MRT interchange station and surrounding office buildings via an underground pedestrian network.</p>	<p>Strategically located at the intersection of the Raffles Place and Marina Bay business precincts, Ocean Financial Centre offers approximately 885,000 sq ft of premium space. Standing at 43 storeys, the building comprises floor-plates of between 20,000 sq ft to 25,000 sq ft.</p> <p>An underground pedestrian network connects Ocean Financial Centre to the Raffles Place MRT interchange station and surrounding office buildings.</p>
<b>Location</b>	230 Victoria Street, Singapore 188024	8, 8A, 10 and 12 Marina Boulevard, Singapore 018981-4	1 Raffles Quay, Singapore 048583	10 Collyer Quay, Singapore 049315

	Bugis Junction Towers	Marina Bay Financial Centre <sup>(1)</sup>	One Raffles Quay <sup>(1)</sup>	Ocean Financial Centre <sup>(2)</sup>
Attributable NLA (sq ft)	244,989	1,028,443	443,715	883,172
Ownership interest	100.0%	33.33%	33.33%	99.9%
Number of tenants	15	155	46	53
Principal tenants	International Enterprise Singapore, InterContinental Hotels Group, Keppel Land International	DBS Bank, Standard Chartered Bank, BHP Billiton	Deutsche Bank, Ernst & Young, UBS	Australia and New Zealand Banking Group, BNP Paribas, Drew & Napier
Title	99 years expiring 9 Sept 2089	99 years expiring 10 Oct 2104 <sup>(3)</sup> and 7 March 2106 <sup>(4)</sup>	99 years expiring 12 June 2100	99 years expiring 13 Dec 2110
Purchase price (on acquisition) (\$ million)	159.5	1,426.8 <sup>(3)</sup> 1,248.0 <sup>(4)</sup>	941.5	2,298.8
Valuation <sup>(5)</sup> (\$ million)	527.0	1,641.0 <sup>(3)</sup> 1,289.0 <sup>(4)</sup>	1,228.0	2,560.0
Committed occupancy	100.0%	97.3%	99.8%	99.7%
FY2014 income contribution (\$ million)	16.4	59.3 <sup>(6)</sup>	30.0	129.5
9M2015 income contribution (\$ million)	14.2	69.0	20.0	65.9

Awards	Bugis Junction Towers	Marina Bay Financial Centre <sup>(1)</sup>	One Raffles Quay <sup>(1)</sup>	Ocean Financial Centre <sup>(2)</sup>
<p>Building and Construction Authority of Singapore ("BCA") Green Mark Platinum Award (2014)</p> <p>Public Utilities Board of Singapore ("PUB") Water Efficient Building Silver Award (2015)</p>	<p>MBFC Towers 1, 2 and MBLM – Gold Award and Participant's Choice Award at the MIPIM Asia Award (Mixed-use Buildings Category) (2011)</p> <p>MBFC Towers 1, 2 and MBLM – FIABCI Prix d'Excellence Award 2012 (Office Category)</p> <p>MBFC Tower 3 – BCA Green Mark GoldPlus Award (2012)</p> <p>MBFC Towers 1, 2 and MBLM – BCA Green Mark Gold Award (2014)</p> <p>MBFC Tower 3 – BCA Construction Excellence Award (2014)</p> <p>MBFC Tower 3 – BCA Green Mark Pearl Award (2015)</p> <p>MBFC Towers 1, 2, 3 and MBLM – PUB Water Efficient Building Gold Award (2015)</p>	<p>Finalist for Urban Land Institute Awards for Excellence (2007)</p> <p>BCA Design and Engineering Safety Excellence Awards (2008)</p> <p>Honorable Nominee for Best Tall Building Award by Council on Tall Buildings and Urban Habitat (2008)</p> <p>FIABCI Prix d'Excellence Awards 2008 (Office Category)</p> <p>BCA Green Mark Gold Award (2012)</p> <p>PUB Water Efficient Building (Silver Award) (2014)</p>	<p>Best Green Development (Future) Award (2009)</p> <p>Solar Pioneer Award (2010)</p> <p>Leadership in Energy and Environmental Design (LEED) Platinum Award (2012)</p> <p>World's Best Commercial High-Rise Development at the International Property Awards (2012)</p> <p>BCA Green Mark Platinum Award (2013)</p> <p>Guinness World Record for the World's Largest Vertical Green Wall (2013)</p> <p>Skyrise Greenery Awards (Excellence) by the National Parks Board (2013)</p> <p>International Real Estate Federation FIABCI Singapore Property Award Office Category (2014)</p> <p>Gold Award in the Best Innovative Green Building category at the MIPIM Asia Award (2014)</p> <p>PUB Water Efficient Building (Silver Award) (2014)</p> <p>PUB Water Efficient Building (Gold Award) (2015)</p>	

**Notes:**

- (1) Refers to Keppel REIT's one-third interest in MBFC Tower 1, MBFC Tower 2, MBFC Tower 3 and MBLM, as well as One Raffles Quay.
- (2) Refers to Keppel REIT's 99.9% interest in Ocean Financial Centre.
- (3) Refers to MBFC Tower 1, MBFC Tower 2 and MBLM.
- (4) Refers to MBFC Tower 3.
- (5) The valuations are based on Keppel REIT's interest in the respective properties as at 31 December 2014.
- (6) Includes income from MBFC Tower 1, MBFC Tower 2 and MBLM, and only a two-week income contribution from MBFC Tower 3, which was acquired on 16 December 2014.



## Australia Portfolio

	8 Chifley Square, Sydney <sup>(1)</sup>	77 King Street Office Tower, Sydney	8 Exhibition Street, Melbourne <sup>(1)</sup>	275 George Street, Brisbane <sup>(1)</sup>	Office Tower on the Old Treasury Building site, Perth <sup>(1)</sup>
<b>Description</b>	8 Chifley Square New South Wales 2000	77 King Street New South Wales 2000	8 Exhibition Street Victoria 3000	275 George Street Queensland 4000	28 Barrack Street and 585 Hay Street Western Australia 6000
<b>Location</b>	<p>8 Chifley Square is a premium grade office tower located in the heart of Sydney's CBD at the junction of Hunter Street and Elizabeth Street.</p> <p>The 34-storey premium grade office tower offers approximately 210,000 sq ft of NLA. 8 Chifley Square is one of the first buildings in Australia to feature the innovative vertical village concept, providing tenants with connectivity and interaction.</p> <p>It is one of the few commercial buildings in Australia to be awarded the 6-Star Green Star – Office Design v2 rating by the Green Building Council of Australia in 2012.</p>	<p>Located at the junction of George Street and King Street, 77 King Street is a freehold Grade A commercial building in Sydney's CBD.</p> <p>The building, which offers approximately 147,000 sq ft of NLA, is conveniently located close to major CityRail Stations including Wynyard, Martin Place and Town Hall.</p> <p>77 King Street comprises 18 levels of offices and 2 basement levels of retail space.</p>	<p>One of the city's architectural landmarks, 8 Exhibition Street is located in the prime part of Melbourne's CBD. The 35-storey freehold premium grade commercial building has a total NLA of over 483,000 sq ft, which includes ancillary retail space on the ground floor.</p> <p>Tenants enjoy good connectivity to the rest of the city with the building's close proximity to various public transport nodes including tram, bus and rail services such as the major Parliament and Flinders Street railway stations which are within walking distance.</p>	<p>Keppel REIT owns a 50.0% interest as tenant-in-common in 275 George Street.</p> <p>The freehold 30-storey Grade A building, which offers about 450,000 sq ft of NLA, stands at a prime location straddling the core retail and revitalised George Street precincts of Brisbane's CBD.</p> <p>275 George Street is strategically located between the city's two largest railway stations – Roma Street Railway Station and Central Railway Station. It is also close to major transport nodes and amenities.</p>	<p>Keppel REIT acquired a 50.0% interest in the office tower and its annexe on the landmark site of the Old Treasury Building in Perth, Western Australia, in March 2013.</p> <p>The development, which has an estimated total NLA of over 331,000 sq ft, comprises a 35-storey office tower and its annexe at 585 Hay Street.</p> <p>Strategically located in Perth's CBD at the junction of Barrack Street and St Georges Terrace, the office tower is 100.0% committed with a 25-year lease to the Government of Western Australia.</p>
<b>Attributable NLA (sq ft)</b>	104,140	146,670	241,574	224,688	165,685

	8 Chifley Square, Sydney <sup>(1)</sup>	77 King Street Office Tower, Sydney	8 Exhibition Street, Melbourne <sup>(1)</sup>	275 George Street, Brisbane <sup>(1)</sup>	Office Tower on the Old Treasury Building site, Perth <sup>(1)</sup>
<b>Ownership interest</b>	50.0%	100.0%	50.0%	50.0%	50.0%
<b>Number of tenants</b>	8	15	17	8	1
<b>Principal tenants</b>	Corrs Chambers Westgarth, QBE Insurance Group, Quantum Group	Apple, Facebook, Capgemini Australia	Ernst & Young, UBS, CBRE	Queensland Gas Company, Telstra Corporation	Government of Western Australia
<b>Tenure</b>	99 years expiring 5 April 2105	Freehold	Freehold	Freehold	99 years expiring 30 August 2114
<b>Purchase price (on acquisition) (\$ million)</b>	197.8	147.2	192.4	209.4	183.2 <sup>(2)</sup>
<b>Valuation<sup>(3)</sup> (\$ million)</b>	205.9	139.9	194.3	213.7	197.0
<b>Committed occupancy</b>	100.0%	95.1%	95.0%	100.0%	98.7%
<b>FY2014 income contribution (\$ million)</b>	11.4	9.1	13.1	16.9	10.6
<b>9M2015 income contribution (\$ million)</b>	9.2	6.6	9.0	11.6	8.9

	8 Chifley Square, Sydney <sup>(1)</sup>	77 King Street Office Tower, Sydney	8 Exhibition Street, Melbourne <sup>(1)</sup>	275 George Street, Brisbane <sup>(1)</sup>	Office Tower on the Old Treasury Building site, Perth <sup>(1)</sup>
<b>Awards</b>	<p>6-Star Green Star – Office Design v2 (2012)</p> <p>UDIA Award for Excellence for a Commercial/Retail Development (2013)</p> <p>Australian Institute of Building, National Professional Excellence Award for a Commercial Construction in the A\$100m plus Category (2013)</p> <p>Urban Taskforce Development Excellence Awards for an Innovative Development (2013)</p> <p>National Award for Commercial Architecture Category by the Australian Institute of Architects (2014)</p> <p>Property Development Award at the Australian Property Institute NSW Excellence in Property Awards (2014)</p>	<p>4.5 Star NABERS Energy base building rating (2013)</p>	<p>4.5 Star NABERS Energy base building rating (2014)</p>	<p>5 Star Green Star – Office Design v2 and As Built ratings (2010, 2011)</p> <p>5 Star NABERS Energy base building rating (2014)</p>	<p>5-Star Green Star v3 (2014)</p>

8 Chifley Square, Sydney <sup>(1)</sup>	77 King Street Office Tower, Sydney	8 Exhibition Street, Melbourne <sup>(1)</sup>	275 George Street, Brisbane <sup>(1)</sup>	Office Tower on the Old Treasury Building site, Perth <sup>(1)</sup>
<p>Australian Development of the Year, Best Office Development, and Best Sustainable Development (New Buildings) at the Property Council of Australia awards (2015)</p> <p>Best Commercial High-Rise Development (Australia), Best Office Development (Australia) and Best Office Architecture (Australia) at the Asia Pacific Property Awards (2015)</p>				

**Notes:**

- (1) Refers to Keppel REIT's 50.0% interest in the properties.
- (2) Based on the exchange rate of A\$1 = S\$1.11. The consideration for the transaction will be A\$165 million subject to adjustment based on the adjusted net operating income achieved by the property in the first year capitalised at the agreed rate of 7.15% per annum.
- (3) Based on the exchange rate of A\$1 = S\$1.11. Valuation as at 31 December 2014 based on Keppel REIT's interest in the respective properties. For the office tower on the Old Treasury Building site in Perth, valuation is on an "as if completed" basis.

## PORTFOLIO HIGHLIGHTS

### (a) Steady Leasing Momentum

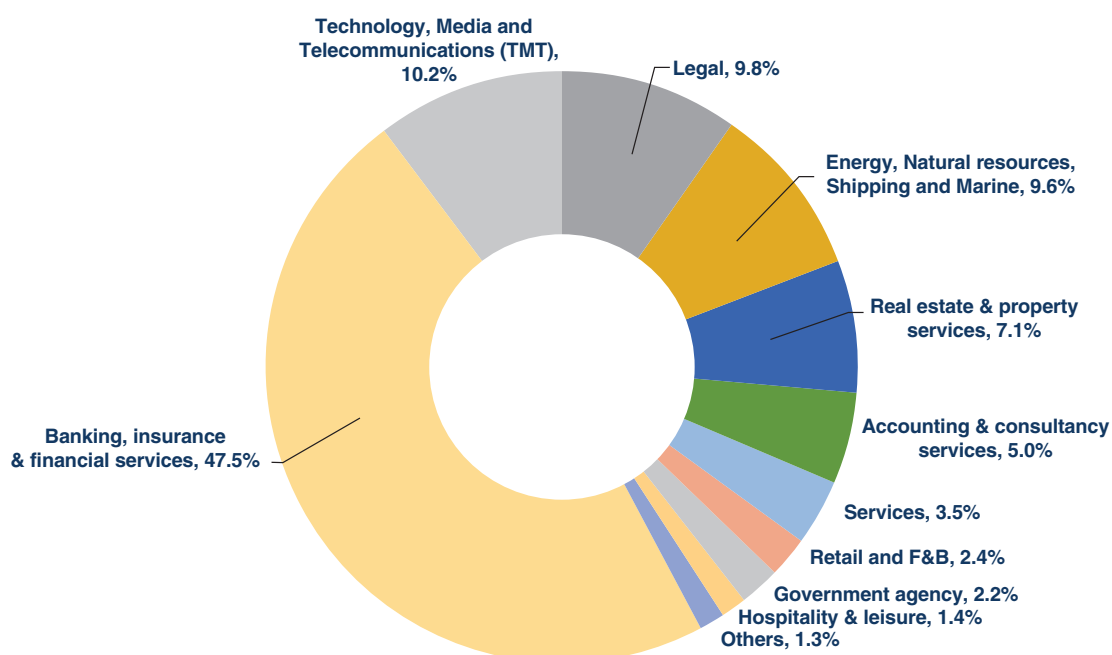
Keppel REIT has been able to maintain a steady leasing momentum. As at 30 September 2015, it has concluded a total of 1.1 million sq ft of office space for the year 2015. It has also successfully completed all leases due for review and almost all leases due for renewal in 2015. With this, approximately 70% of total leases are not due for renewal till 2018 and beyond. It has also achieved positive rent reversions of 16% on average to-date for leases signed, renewed and reviewed to-date.

As at 30 September 2015, Keppel REIT maintains a high overall portfolio occupancy of 98.5% and has achieved a healthy retention rate of approximately 90% of its Singapore portfolio. New tenants in the third quarter of FY2015 are from diverse industries of which majority are from banking, insurance and financial services, real estate and commodity sectors. These new tenants include, among others, Candeco Hotels, Maybank, Miller Insurance and Rex Coal.

### (b) Well-Diversified Tenant Base

As at 30 September 2015, Keppel REIT's portfolio comprises 299<sup>(1)</sup> tenants from leading companies across diversified business sectors;

**Breakdown of Tenant Sector by NLA**



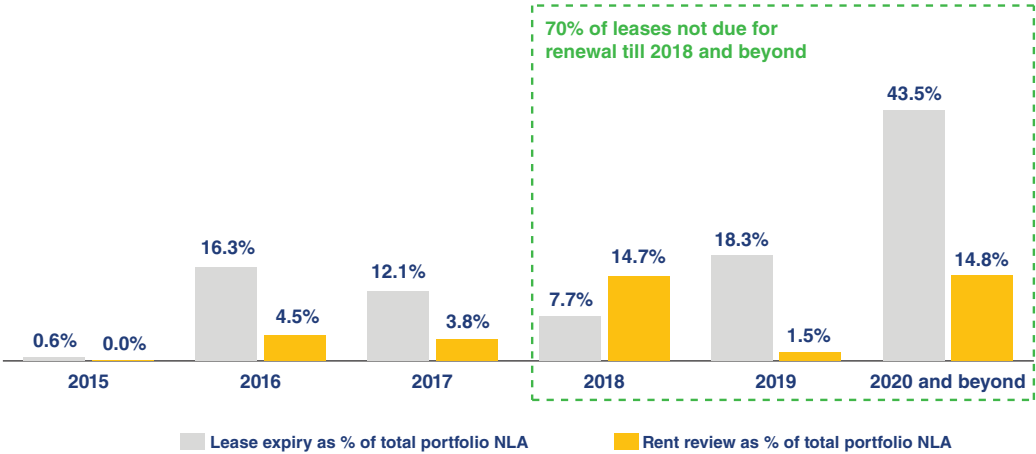
**Note:**

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

**(c) Healthy Lease Expiry Profile**

As at 30 September 2015, Keppel REIT maintains a healthy lease expiry profile, having completed all leases due for review and almost all leases due for renewal in 2015. With this, 70% of Keppel REIT’s leases are not due for renewal until 2018 and beyond.

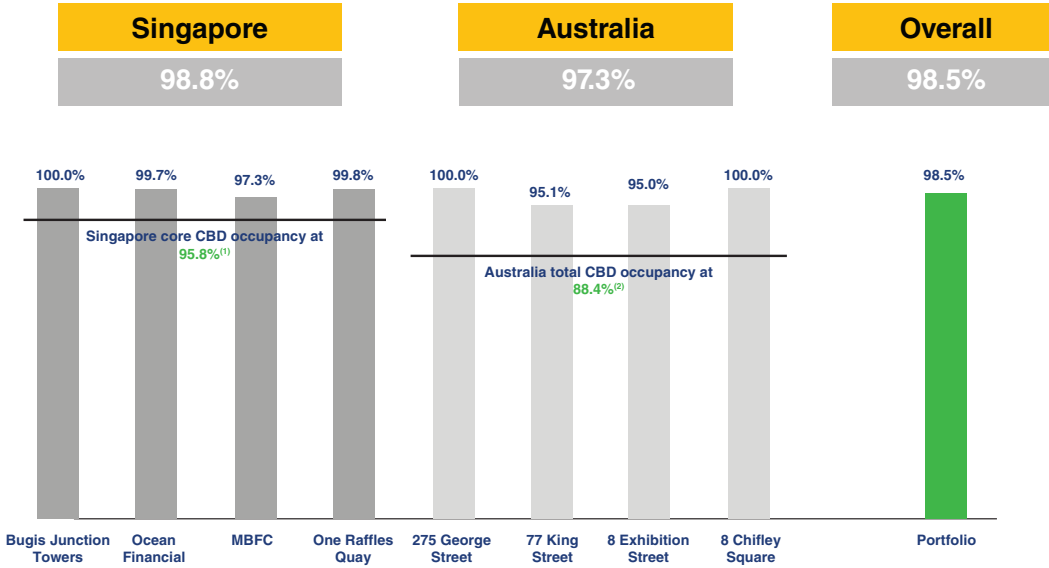
**Portfolio Lease Profile (By NLA) as at 30 September 2015**



**(d) Strong Committed Occupancy Levels**

As at 30 September 2015, Keppel REIT maintains a high portfolio committed occupancy of 98.5%. It achieved occupancy rates of 98.8% and 97.3% for its Singapore and Australia portfolios respectively, outperforming the market core CBD occupancy of 95.8%<sup>(1)</sup> for Singapore and 88.4%<sup>(2)</sup> for Australia.

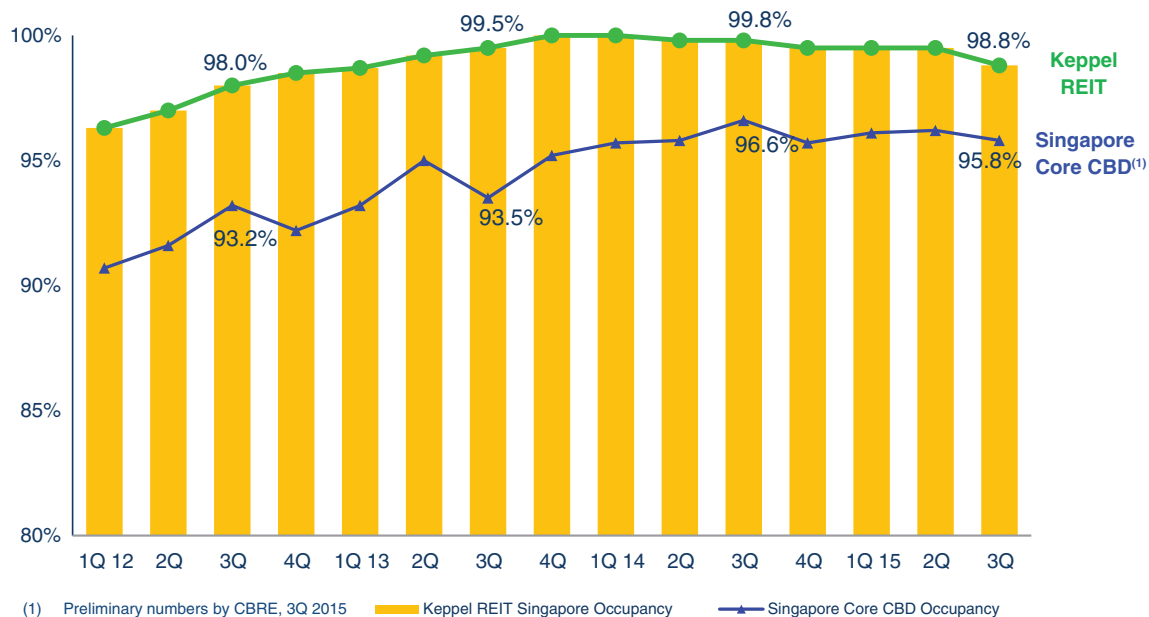
**Overview of Portfolio Occupancy**



(1) Preliminary numbers by CBRE, 3Q2015 (2) JLL, July 2015

In addition, Keppel REIT's Singapore portfolio occupancy is consistently above the core CBD occupancy levels.

### Keppel REIT Historical Occupancy

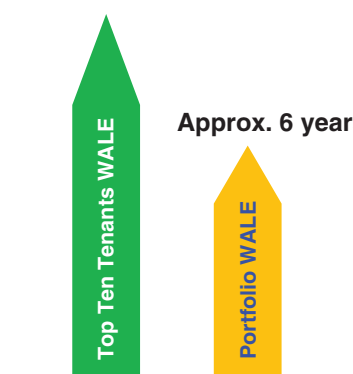


### (e) Long Weighted Average Lease Expiry

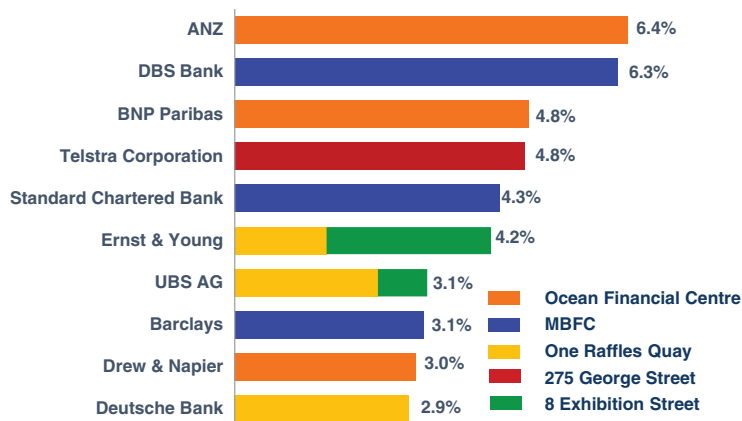
As at 30 September 2015, the top 10 tenants accounted for 43.0% of the portfolio's NLA. The long weighted average lease expiry ("WALE") of approximately 8.5 years and 6 years for Keppel REIT's top 10 tenants and portfolio respectively enhances income sustainability over the long term.

#### Weighted Average Lease Expiry (WALE)

Approx. 8.5 years



#### Top Ten Tenants (by NLA)



## SELECTED FINANCIAL INFORMATION OF KEPPEL REIT

### Statement of Total Return of the Group for 9M2015, 9M2014, FY2014 and FY2013:

	9M2015 Unaudited \$'000	9M2014 Unaudited \$'000	FY2014 Audited \$'000	FY2013 Audited \$'000
Property income	127,552	141,756	184,093	174,043
Property expenses	(24,858)	(24,573)	(32,657)	(35,749)
<b>Net property income</b>	<b>102,694</b>	<b>117,183</b>	<b>151,436</b>	<b>138,294</b>
Rental support	15,847	37,950	50,011	72,873
Share of results of associates	58,833	44,630	60,745	62,134
Share of results of joint ventures	12,006	5,720	9,848	2,103
Interest income	27,771	28,423	37,432	36,953
Amortisation expenses	(14,451)	(28,123)	(37,364)	(44,860)
Trust expenses (including Manager's management fees)	(43,356)	(39,602)	(52,943)	(49,758)
Borrowing costs	(50,154)	(45,030)	(60,124)	(55,178)
Changes in fair value of interest rate swap	2,882	(4,909)	(3,879)	–
<b>Net income before net change in fair value of investment properties and gain on divestment of investment property</b>	<b>112,072</b>	<b>116,242</b>	<b>155,162</b>	<b>162,561</b>
Gain on divestment of investment property	–	16,179	16,179	–
Net change in fair value of investment properties	20,860	92,277	212,191	389,141
<b>Total return before tax</b>	<b>132,932</b>	<b>224,698</b>	<b>383,532</b>	<b>551,702</b>
Income tax expense	(8,177)	(8,969)	(11,630)	(16,774)
<b>Total return after tax</b>	<b>124,755</b>	<b>215,729</b>	<b>371,902</b>	<b>534,928</b>
<b>Attributable to:</b>				
Unitholders	124,701	215,627	371,753	534,681
Non-controlling interest	54	102	149	247
	<b>124,755</b>	<b>215,729</b>	<b>371,902</b>	<b>534,928</b>
<b><u>Distribution Statement</u></b>				
<b>Total return for the period attributable to Unitholders</b>	<b>124,701</b>	<b>215,627</b>	<b>371,753</b>	<b>534,681</b>
Net tax and other adjustments	38,536 <sup>(1)</sup>	(55,333)	(165,611)	(320,638)
<b>Income available for distribution</b>	<b>163,237</b>	<b>160,294</b>	<b>206,142</b>	<b>214,043</b>
<b>Distribution to Unitholders</b>	<b>163,237</b>	<b>160,294</b>	<b>206,142</b>	<b>214,043</b>

<sup>(1)</sup> Included other gains distribution of S\$6,000,000 from the gain on divestment from Prudential Tower.



**Balance Sheet of the Group as at 30 September 2015, 31 December 2014 and 31 December 2013:**

	<b>30 September 2015 Unaudited \$'000</b>	<b>31 December 2014 Audited \$'000</b>	<b>31 December 2013 Audited \$'000</b>
<b>Non-current assets</b>			
Investment properties	3,562,271	3,613,616	4,015,094
Investment in associates	2,426,997	2,429,485	1,662,963
Advances to associates	606,222	613,222	606,222
Investment in joint ventures	287,624	288,931	137,271
Advances to joint ventures	96,083	99,853	178,039
Fixed assets	130	142	23
Intangible asset	42,135	56,607	47,356
Derivative financial instruments	19,883	2,081	2,738
<b>Total non-current assets</b>	<b>7,041,345</b>	<b>7,103,937</b>	<b>6,649,706</b>
<b>Current assets</b>			
Trade and other receivables	37,643	25,016	33,865
Prepaid expenses	1,257	629	1,010
Cash and bank balances	191,873	199,689	90,611
Derivative financial instruments	1,239	133	347
<b>Total current assets</b>	<b>232,012</b>	<b>225,467</b>	<b>125,833</b>
<b>Total assets</b>	<b>7,273,357</b>	<b>7,329,404</b>	<b>6,775,539</b>
<b>Current liabilities</b>			
Trade and other payables	57,332	84,469	94,258
Income received in advance	309	1,043	1,621
Short term borrowings (secured)	174,989	174,950	–
Short term borrowings (unsecured)	124,973	99,974	281,953
Current portion of security deposits	4,306	3,223	3,927
Derivative financial instruments	2,429	9,071	6,559
Provision for taxation	3,650	7,641	10,858
<b>Total current liabilities</b>	<b>367,988</b>	<b>380,371</b>	<b>399,176</b>
<b>Non-current liabilities</b>			
Income received in advance	50,740	61,871	19,585
Long term borrowings (secured)	464,636	464,030	882,642
Long term borrowings (unsecured)	1,910,249	1,926,409	1,518,263
Derivative financial instruments	–	6,894	21,966
Non-current portion of security deposits	26,245	25,074	30,183
Deferred tax liabilities	7,836	5,283	4,753
<b>Total non-current liabilities</b>	<b>2,459,706</b>	<b>2,489,561</b>	<b>2,477,392</b>
<b>Total liabilities</b>	<b>2,827,694</b>	<b>2,869,932</b>	<b>2,876,568</b>
<b>Net assets</b>	<b>4,445,663</b>	<b>4,459,472</b>	<b>3,898,971</b>
Represented by:			
<b>Unitholders' funds</b>	<b>4,443,605</b>	<b>4,457,420</b>	<b>3,896,993</b>
<b>Non-controlling interest</b>	<b>2,058</b>	<b>2,052</b>	<b>1,978</b>
	<b>4,445,663</b>	<b>4,459,472</b>	<b>3,898,971</b>

**Consolidated Cashflow Statements of the Group as at 30 September 2015, 31 December 2014 and 31 December 2013:**

	9M2015 \$'000	FY2014 \$'000	FY2013 \$'000
<b>Operating activities</b>			
Total return before tax	132,932	383,532	551,702
Adjustments for:			
Interest income	(27,771)	(37,432)	(36,953)
Amortisation expense	14,451	37,364	44,860
Share of results of associates	(58,833)	(60,745)	(62,134)
Share of results of joint ventures	(12,006)	(9,848)	(2,103)
Borrowing costs	50,154	60,124	55,178
Management fees paid and/or payable in units	37,210	30,729	28,657
Net change in fair value of investment properties	(20,860)	(212,191)	(389,141)
Gain on divestment of investment property	–	(16,179)	–
Changes in fair value of interest rate swap	(2,882)	3,879	–
Depreciation	34	42	15
Rental support income	(15,847)	(50,011)	(72,873)
Translation differences	648	1,532	3,728
<b>Operating cash flows before changes in working capital</b>	<b>97,230</b>	<b>130,796</b>	<b>120,936</b>
Increase in receivables	(2,493)	(7,675)	(5,544)
Decrease in payables	(2,251)	(60,490)	(40,898)
Increase/(Decrease) in security deposits	2,254	(5,813)	1,179
Cash flows from operations	94,740	56,818	75,673
Income taxes paid	(9,419)	(14,257)	(15,418)
<b>Net cash flows generated from operating activities</b>	<b>85,321</b>	<b>42,561</b>	<b>60,255</b>
<b>Investing activities</b>			
Purchase of investment property	–	–	(187,184)
Subsequent expenditure on investment properties	(1,002)	(2,118)	(17,805)
Proceeds from divestment of investment property, net of divestment costs	–	506,527	–
Purchase of fixed assets	(22)	(162)	–
Interest received	28,559	40,815	34,422
Rental support received	22,930	58,902	72,644
Investment in joint ventures	(5,699)	(63,767)	(70,762)
Advances to joint ventures	(6,075)	(36,223)	(118,717)
Investment in associates	–	(478,186)	(1,735)
Repayment of advance from/(advances to) associates	7,000	(7,000)	–
Reimbursement of development costs for the interest in an associate	4,967	–	–
Distribution income received from joint ventures	10,942	6,943	856
Dividend income/distribution received from associates	40,392	66,449	64,593
<b>Net cash flows generated from/(used in) investing activities</b>	<b>101,992</b>	<b>92,180</b>	<b>(223,688)</b>
<b>Financing activities</b>			
Distributions to Unitholders	(151,989)	(214,899)	(211,268)
Proceeds from issuance of Medium Term Notes	50,000	–	–
Loans drawdown	111,774	487,334	968,834
Repayment of loans	(150,000)	(506,975)	(707,883)
Payment of financing expenses/upfront debt arrangement costs	(1,607)	(1,279)	(3,206)
Proceeds from placement of Units	–	228,150	172,900
Distribution of partnership profits to non-controlling interest	(48)	(69)	(76)
Interest paid	(40,307)	(56,462)	(52,603)
Issue expenses	–	(3,162)	(2,190)
<b>Net cash (used in)/generated from financing activities</b>	<b>(182,177)</b>	<b>(67,362)</b>	<b>164,508</b>
<b>Net increase in cash and cash equivalents</b>	<b>5,136</b>	<b>67,379</b>	<b>1,075</b>
Cash and cash equivalents at the beginning of period	137,818	71,140	71,766
Effect of exchange rate changes on cash and cash equivalents	(1,821)	(701)	(1,701)
<b>Cash and cash equivalents at the end of period</b>	<b>141,133</b>	<b>137,818</b>	<b>71,140</b>
<b>Comprising:</b>			
Cash and bank balances	191,873	199,689	90,611
Less: Rental support received in advance held in designated accounts	(50,740)	(61,871)	(19,471)
<b>Cash and cash equivalents per Consolidated Statement of Cash Flows</b>	<b>141,133</b>	<b>137,818</b>	<b>71,140</b>

#### Review of Performance for 9M2015 vs 9M2014

Property income and net property income for 9M2015 were S\$127.6 million and S\$102.7 million respectively, compared to the property income and net property income of S\$141.8 million and S\$117.2 million respectively for 9M2014. The variances were attributable mainly to the divestment of Prudential Tower on 26 September 2014. This was partially offset by higher property income from Ocean Financial Centre and Bugis Junction Towers and higher net property income from Bugis Junction Towers.

The Group's net income before divestment gain and net change in fair value of investment properties for 9M2015 was S\$112.1 million, compared to S\$116.2 million for 9M2014. This variance was attributable mainly to the divestment of Prudential Tower, lower rental support, lower interest income, higher borrowing costs, higher management fees and higher trust expenses which were offset by higher net property income from Bugis Junction Towers, higher share of results of associates and joint ventures and lower amortisation expenses, as well as the changes in fair value of interest rate swap.

The Group's total return before tax for 9M2015 was S\$132.9 million, compared to S\$224.7 million for 9M2014. This variance was mainly due to the divestment gain of Prudential Tower as well as higher fair value gain on investment properties for 9M2014.

#### Review of Performance for FY2014 vs FY2013

Net property income increased 9.5% year-on-year, from S\$138.3 million for FY2013 to S\$151.4 million for FY2014. The increase was attributable mainly to better performance from Ocean Financial Centre and contribution from the 50% interest in 8 Exhibition Street acquired on 1 August 2013.

Property income for FY2014 was S\$184.1 million, an increase of S\$10.1 million or 5.8% over that for FY2013. The increase was attributable mainly to higher property income from Ocean Financial Centre and contribution from the 50% interest in 8 Exhibition Street acquired on 1 August 2013.

The Group's net income before divestment gain, net change in fair value of investment properties and tax for FY2014 was S\$155.2 million, compared to S\$162.6 million for FY2013. This was attributable mainly to the lesser contribution from Prudential Tower (divested on 26 September 2014), and also lower rental support and share of results of associates, higher borrowing costs, management fees and trust expenses, as well as the changes in fair value of interest rate swap. These were offset by higher interest income, higher share of results of joint ventures and lower amortisation expenses.

The Group's total return before tax for FY2014 was S\$383.5 million, compared to S\$551.7 million for FY2013. This was due mainly to lower net fair value gain in investment properties, partially offset by gain on divestment of investment property.

## COMPETITIVE STRENGTHS

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

- **High Quality Office Assets in Key Financial Districts in Singapore and Australia.** Keppel REIT has a quality portfolio of Premium Grade and Grade A office buildings strategically located in Singapore's prime business and financial districts, as well as key gateway cities of Sydney, Melbourne, Brisbane and Perth in Australia. Keppel REIT's overall portfolio age is approximately five years, positioning it as the Singapore REIT with the youngest and largest portfolio of premium Grade A office buildings in Singapore's prime business districts.

All its properties in Singapore have been awarded a minimum Green Mark Gold by the Building and Construction Authority ("BCA") and a minimum Water Efficient Building Silver Award by the Public Utilities Board. Bugis Junction Towers and Ocean Financial Centre have been conferred the highest BCA Green Mark Platinum Award and MBFC Tower 3 has received the Green Mark GoldPlus Award by the BCA. Ocean Financial Centre won the coveted International Real Estate Federation FIABCI Singapore Property awards under the Office category and also clinched the Gold Award for Best Innovative Green Building at the 8th MIPIM Asia Awards 2014.

8 Chifley Square is one of the few commercial buildings in Australia to be awarded the 6-Star Green Star – Office Design v2 rating by the Green Building Council of Australia in 2012. In 2014, 8 Chifley Square was conferred several accolades including the National Award for Commercial Architecture Category by the Australian Institute of Architects and the Property Development Award at the Australian Property Institute NSW Excellence in Property Awards. 8 Chifley Square was also awarded three top honours at the 2015 Property Council of Australia Awards (namely, Australian Development of the Year, Best Office Development, and Best Sustainable Development (New Buildings)) and clinched another three awards at the Asia Pacific Property Awards 2015 (namely, Best Commercial High-Rise Development (Australia), Best Office Development (Australia) and Best Office Architecture (Australia)). 275 George Street has achieved both the 5-Star Green Star – Office Design and As Built v2 ratings and in 2014, the property was awarded a 5-Star NABERS Energy base building rating. The office tower at the Old Treasury Building site in Perth has also been awarded the 5-Star Green Star Office Design v3 rating.

In 2015, Keppel REIT was ranked first in Asia across all diversified entities and sectors, first among all listed real estate companies in Asia and also first in the Asia Pacific Real Estate Composite Indices in the Global Real Estate Sustainability Benchmark ("GRESB"). It also became the first REIT in Asia to maintain its position as the Regional Leader for Office Sector in Asia for the second consecutive year. Keppel REIT has also received the accolade of being the top three globally for the office sector, as well as across all diversified entities and sectors. The internationally-recognised GRESB assesses companies in its integrated organisational approach and performance in environmental measurement and management.

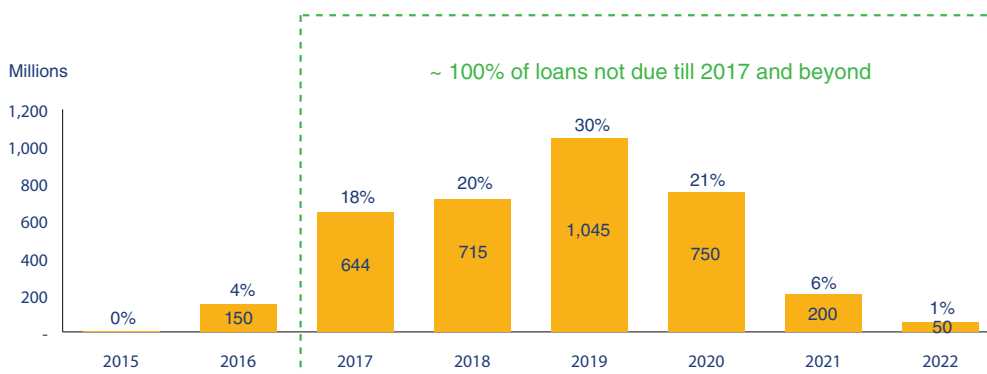
- **Resilient Portfolio with High Committed Occupancy.** Keppel REIT has a proven track record of maintaining high committed portfolio occupancy rates. The following table shows Keppel REIT's portfolio committed occupancy rate over the years:

At at end	Portfolio Committed Occupancy
2014	99.3%
2013	99.8%
2012	98.5%
2011	94.1%
2010	97.0%
2009	95.0%
2008	99.0%
2007	99.9%
2006	100.0%

As at 30 September 2015, Keppel REIT's portfolio continues to maintain a high portfolio committed occupancy rate of 98.5%. The high committed occupancy rates are indications of the healthy demand for office space in each of the Keppel REIT Properties, attributable to their strategic locations as well as proactive lease management policies with respect to the renewal and replacement of tenants.

- **Healthy Lease Expiry Profile and Long Weighted Average Lease Expiry.** As at 30 September 2015, Keppel REIT has also successfully completed all leases due for review and almost all leases due for renewal in 2015. With this, approximately 70% of total leases are not due for renewal till 2018 and beyond. As at 30 September 2015, it has also achieved positive rent reversions of 16% on average to-date for leases signed, renewed and reviewed to-date. As at 30 September 2015, the WALE of Keppel REIT's top 10 tenants and portfolio are approximately 8.5 years and 6 years respectively, which provides stability of rental income over the long term.
- **Quality and Diversified Tenant Base.** The Keppel REIT Properties have attracted established tenants from various business sectors such as Australia and New Zealand Banking Group, Apple, Barclays Capital, BHP Billiton, BNP Paribas, DBS Bank, Deutsche Bank, Drew & Napier LLC, Ernst & Young, Facebook, International Enterprise Singapore, QBE Insurance Group, Standard Chartered Bank, Telstra Corporation, UBS and Government of Western Australia, which make up a good and diverse tenant base. The Keppel REIT Manager aims to maintain a diverse tenant trade sector profile to mitigate the risk of over-reliance on any one particular industry and enhance stability of rental income.
- **Benefit from Continued Demand in the Office Real Estate Market.** Demand for space in quality commercial buildings is expected to continue due to flight to quality by tenants looking to consolidate their operations onto the larger and more efficient floor plates offered by premium grade offices, in spite of the current uncertainties with respect to the global economy. Furthermore, Singapore's increasing attractiveness as a key business location in Asia will also continue to underpin demand. Bolstered by its good portfolio of office properties, Keppel REIT is in the position to ride on this trend.
- **Disciplined Capital Management.** As at 30 September 2015, Keppel REIT has borrowings of approximately S\$3.55 billion diversified across investors of debt securities and 16 lenders. The Keppel REIT Manager is able to actively seek refinancing at competitive costs. As at

30 September 2015, the Keppel REIT Manager has completed 100.0% of Keppel REIT's refinancing requirements for 2015 and approximately 70% of loans due in 2016, as well as commenced the early refinancing of loans due in 2017. Keppel REIT continues to maintain low refinancing obligations, with close to 100% of total borrowings not due for repayment till 2017. As at 30 September 2015, Keppel REIT's weighted average term to maturity is 3.6 years. As at 30 September 2015, the all-in weighted average interest rate is 2.5% per annum, with interest coverage ratio at a healthy 4.4 times and aggregate leverage stood at 42.6%. Please refer to the graph below for Keppel REIT's debt maturity profile as at 30 September 2015:



As at 30 September 2015, over 70% of Keppel REIT's borrowings are fixed rate borrowings and 72% of its assets are unencumbered.

- Long Term Land Leases.** 275 George Street in Brisbane, Australia, the 77 King Street Office Tower in Sydney, Australia and 8 Exhibition Street in Melbourne, Australia are located on freehold land. Bugis Junction Towers, MBFC, Ocean Financial Centre, One Raffles Quay, 8 Chifley Square (in Australia) and the Office Tower on the Old Treasury Building site (in Australia) are held on 99-year tenure leases, expiring from 9 September 2089 and beyond.
- Experienced and Professional Management Teams.** The Board of Directors of the REIT Manager comprises of personnel with vast experience and professional expertise across different fields. The Keppel REIT Manager is staffed with experienced professionals in the real estate industry, with a track record of successfully investing in and managing quality real estate and real estate-related assets in Singapore and Asia Pacific. Key staff members of the Keppel REIT Manager have in-depth real estate investment, asset management, financial and capital management and research experience. The property management teams at the respective properties both in Singapore and Australia possess extensive experience in the management of commercial space.
- Strong and Committed Reputable Sponsor.** Keppel REIT has as its sponsor, Keppel Land, a leading developer of properties in Singapore and Asia. Keppel Land is the property arm of the Keppel Group, one of Singapore's largest multinational groups with key businesses in offshore and marine, property as well as infrastructure. As one of Asia's premier property companies, Keppel Land is recognised for its portfolio of award winning residential developments and investment-grade commercial properties. Keppel Land is geographically diversified in Asia, with Singapore and China as its core markets as well as Vietnam and Indonesia as its growth markets. As a leading prime office developer in Singapore, Keppel Land has shaped Singapore's skyline with key developments including MBFC, Ocean Financial Centre and One Raffles Quay. The association with Keppel Land offers potential avenues for growth for Keppel REIT, through transactions on individual properties and by accessing its networks and its development expertise. Over and above this, the Keppel REIT Manager will also pursue acquisitions of suitable quality real estate and real estate-related assets within its defined investment criteria from other parties.

## STRATEGY

The principal strategic direction of Keppel REIT is to be a successful commercial REIT with a portfolio of quality incoming-producing assets in Singapore and across Asia-Pacific.

Generally, the Keppel REIT Manager intends to achieve this by:

- **Maximising Performance.** Maximising the performance and efficiency of its assets; maintaining a well-staggered tenancy profile; attracting and maintaining quality tenants from diverse business sectors; strengthening relationships to retain good tenants; executing proactive marketing and leasing strategies; maintaining above-average occupancy rates; and seeking out other income opportunities in addition to rentals.
- **Enhancing Assets.** Strengthening asset management expertise and capabilities; undertaking asset enhancement initiatives and upgrading of facilities; leveraging technology to enhance operations; ensuring the safety and security of all building occupants; and implementing environmentally sustainable features and initiatives.
- **Achieving Capital Efficiency.** Adopting a disciplined and proactive capital management strategy; optimising capital structure; negotiating competitive credit facilities to fund business operations; extending the debt maturity profile to mitigate refinancing risks; and limiting exposure to fluctuations in interest and foreign exchange rates.
- **Acquiring Quality Assets.** Identifying quality assets that are aligned with Keppel REIT's investment mandate; conducting thorough feasibility studies and comprehensive due diligence on potential acquisitions; structuring investments to optimise tax efficiency and allow for repatriation of income from foreign assets; and evaluating performance of the properties and recycling of assets, where appropriate, to optimise portfolio.
- **Building Efficiencies and Nurturing Talent.** Nurturing a united and motivated team to drive further growth; investing in training and development to raise the competency level of its employees; adopting best-in-class management practices; and leveraging technology to raise productivity and achieve workflow efficiencies.

The Keppel REIT Manager implements the principal strategic direction of Keppel REIT in accordance with the Property Funds Appendix, the Keppel REIT Trust Deed and any other applicable laws.

The Keppel REIT Manager adopts the following strategies to achieve the objectives:

### **Proactive Portfolio Management**

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

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

### **Disciplined Capital Management**

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

### **Sound Investment Strategy**

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

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

### **Commitment to Sustainability**

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



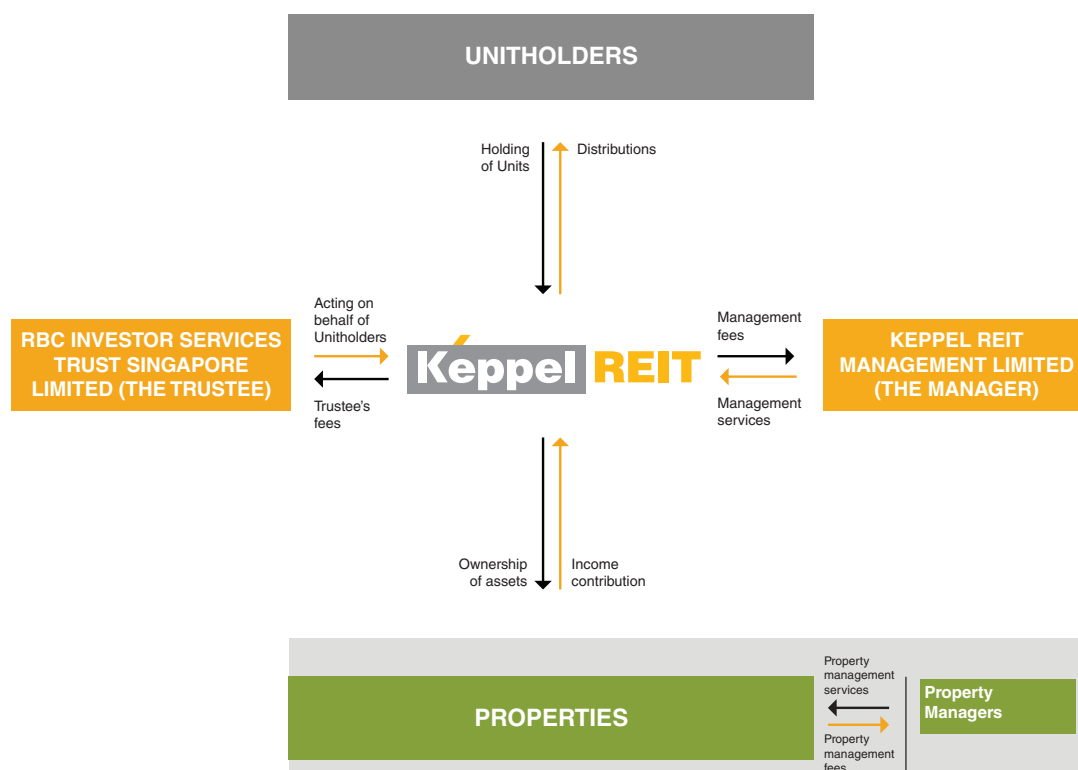
## STRUCTURE AND ORGANISATION OF KEPPEL REIT

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

### Operational Structure

Keppel REIT is established with a principal investment policy to invest in real estate and real estate-related assets that are income-producing and used, or predominantly used, for commercial purposes. The Keppel REIT Manager must manage Keppel REIT so that the principal investments of Keppel REIT are real estate and real estate-related assets including shares in property companies.

Keppel REIT aims to generate returns for its Unitholders by owning, buying, selling and actively managing such properties in line with its investment strategy. Subject to the restrictions and requirements in the Property Funds Appendix, the Listing Manual and the Tax Ruling, the Keppel REIT Manager is also authorised under the Keppel REIT Trust Deed to invest in investments which need not be real estate. Further details of the investment objectives and policies of the Keppel REIT Manager can be found in the Keppel REIT Trust Deed.



## **The Keppel REIT Trust Deed**

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

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

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

The provisions of the SFA and the CIS Code (including the Property Funds Appendix) prescribe certain terms of the Keppel REIT Trust Deed and certain rights, duties and obligations of the Keppel REIT Manager, the Keppel REIT Trustee and the Unitholders under the Keppel REIT Trust Deed. The Property Funds Appendix also imposes certain restrictions on real estate investment trusts in Singapore, including a restriction on the types of investments which real estate investment trusts in Singapore may hold, a general limit on their aggregate leverage (up to a maximum of 35.0% of the value of their Deposited Property at the time the borrowing is incurred unless such borrowing is permitted in accordance with the Property Funds Appendix\*) and certain restrictions with respect to interested party transactions.

### **Note:**

\* As at the Latest Practicable Date, Keppel REIT is rated and allowed to borrow up to a maximum of 60.0% of the value of its Deposited Property under the Property Funds Appendix. On 2 July 2015, the MAS issued its response to feedback received on its Consultation Paper on Enhancements to the Regulatory Regime Governing REITs and REIT Managers. Pursuant to such response, REITs will have a single-tier aggregate leverage limit of 45.0% without requirement for credit rating and the option for a REIT to leverage up to 60.0% by obtaining a credit rating will be removed. This will be effective from 1 January 2016.

## **The Units and Unitholders**

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

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

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

from the Keppel REIT Trustee or the Keppel REIT Manager in a court of competent jurisdiction, and the Unitholder acknowledges and agrees that damages or compensation is an adequate remedy for such breach or threatened breach.

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

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

#### ***Amendment of the Keppel REIT Trust Deed***

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

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

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

#### **The Keppel REIT Trustee**

The Keppel REIT Trustee is RBC Investor Services Trust Singapore Limited (formerly known as RBC Dexia Trust Services Singapore Limited). The Keppel REIT Trustee is a company incorporated in Singapore and registered as a trust company under the Trust Companies Act, Chapter 336 of Singapore. It is approved to act as a trustee for authorised collective investment schemes under the SFA. The Keppel REIT Trustee has a paid-up capital of S\$6,000,000. The Keppel REIT Trustee has a place of business in Singapore at 77 Robinson Road, #18-00 Robinson 77, Singapore 068896.

### ***Powers, Duties and Obligations of the Keppel REIT Trustee***

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

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

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

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

Although the Keppel REIT Trustee may borrow money and obtain other financial accommodation for the purposes of Keppel REIT, both on a secured and unsecured basis, the Keppel REIT Manager must not direct the Keppel REIT Trustee to incur a liability if to do so would mean that the aggregate leverage of Keppel REIT exceeds 35.0% (or such other limit as may be stipulated by the MAS) of the value of its Deposited Property in accordance with the provisions of the Property Funds Appendix\*.

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

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

**Note:**

\* As at the Latest Practicable Date, Keppel REIT is rated and allowed to borrow up to a maximum of 60.0% of the value of its Deposited Property under the Property Funds Appendix. On 2 July 2015, the MAS issued its response to feedback received on its Consultation Paper on Enhancements to the Regulatory Regime Governing REITs and REIT Managers. Pursuant to such response, REITs will have a single-tier aggregate leverage limit of 45.0% without requirement for credit rating and the option for a REIT to leverage up to 60.0% by obtaining a credit rating will be removed. This will be effective from 1 January 2016.

### ***Retirement and Replacement of Keppel REIT Trustee***

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

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

### ***Termination of Keppel REIT***

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

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

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

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

(c) if at any time Keppel REIT becomes unlisted after it has been listed.

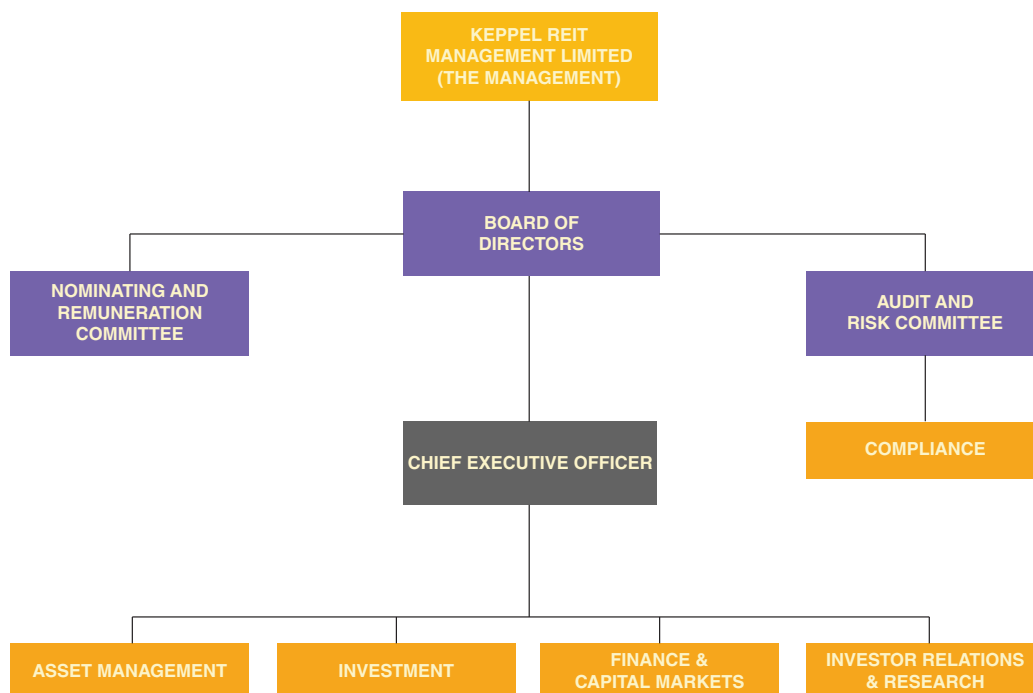
Subject to the SFA and any other applicable law or regulation, Keppel REIT may be terminated by the Keppel REIT Trustee by notice in writing as hereinafter provided in any of the following events, namely:

- (a) if the Keppel REIT Manager shall go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Keppel REIT Trustee) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the Keppel REIT Manager or if any encumbrancer shall take possession of any of its assets or if it shall cease business and the Keppel REIT Trustee fails to appoint a successor manager for Keppel REIT in accordance with the provisions of the Keppel REIT Trust Deed;
- (b) if any law shall be passed which renders it illegal or in the opinion of the Keppel REIT Trustee impracticable or inadvisable for Keppel REIT to continue to exist; and
- (c) if within the period of three months from the date of the Keppel REIT Trustee expressing in writing to the Keppel REIT Manager the desire to retire, the Keppel REIT Manager shall have failed to appoint a new trustee in accordance with the terms of the Keppel REIT Trust Deed.

### The Keppel REIT Manager

The Keppel REIT Manager, Keppel REIT Management Limited, was incorporated in Singapore under the Companies Act on 6 September 2004. The Keppel REIT Manager is a wholly-owned subsidiary of Keppel Land. The Keppel REIT Manager has a paid-up capital of S\$1,000,000, and its registered office is located at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632. It has its principal place of business at 230 Victoria Street, #15-03 Bugis Junction Towers, Singapore 188024 and its telephone number is (65) 6835 7477.

### Reporting Structure of the Keppel REIT Manager



## ***Roles and Responsibilities of the Keppel REIT Manager***

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

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

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

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

The Keppel REIT Manager may require the Keppel REIT Trustee to borrow on behalf of Keppel REIT (upon such terms and conditions as the Keppel REIT Manager deems fit, including the charging or mortgaging of all or any part of the Deposited Property) whenever the Keppel REIT Manager considers, among other things, that such borrowings are necessary or desirable in order to enable Keppel REIT to meet any liabilities or to finance the acquisition of any property. However, the Keppel REIT Manager must not direct the Keppel REIT Trustee to incur a borrowing if to do so would mean that Keppel REIT's total borrowing would exceed 35.0% (or such other limit as may be stipulated by the MAS) of the value of its Deposited Property immediately prior to the time the borrowing is incurred\*.

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

### **Note:**

\* As at the Latest Practicable Date, Keppel REIT is rated and allowed to borrow up to a maximum of 60.0% of the value of its Deposited Property under the Property Funds Appendix. On 2 July 2015, the MAS issued its response to feedback received on its Consultation Paper on Enhancements to the Regulatory Regime Governing REITs and REIT Managers. Pursuant to such response, REITs will have a single-tier aggregate leverage limit of 45.0% without requirement for credit rating and the option for a REIT to leverage up to 60.0% by obtaining a credit rating will be removed. This will be effective from 1 January 2016.

### ***Retirement or Removal of the Keppel REIT Manager***

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

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

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

Where the Keppel REIT Manager is removed on the basis that a change of the Keppel REIT Manager is desirable in the interests of the Unitholders under (e) above and provided that if the Keppel REIT Manager within one month after such statement expresses its dissatisfaction in writing with such opinion, the Keppel REIT Manager has a right under the Keppel REIT Trust Deed to refer the matter to arbitration in accordance with the provisions of the Arbitration Act, Chapter 10 of Singapore, before three arbitrators, the first of whom shall be appointed by the Keppel REIT Manager, the second of whom shall be appointed by the Keppel REIT Trustee and the third of whom shall be appointed by the chairman for the time being of the SGX-ST (failing which appointment, the third arbitrator shall be jointly appointed by the Keppel REIT Manager and the Keppel REIT Trustee). Any decision made pursuant to such arbitration proceedings is binding upon the Keppel REIT Manager, the Keppel REIT Trustee and all Unitholders.

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



## **Directors and Management of the Keppel REIT Manager**

### *Directors of the Keppel REIT Manager*

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

<b>Name</b>	<b>Position</b>
Dr Chin Wei-Li, Audrey Marie . . . . .	Chairman and Independent Non-Executive Director
Ms Ng Hsueh Ling . . . . .	Chief Executive Officer and Executive Director
Mr Tan Chin Hwee . . . . .	Independent Non-Executive Director
Mr Lee Chiang Huat. . . . .	Independent Non-Executive Director
Mr Daniel Chan Choong Seng . . . . .	Independent Non-Executive Director
Mr Lor Bak Liang . . . . .	Independent Non-Executive Director
Mr Ang Wee Gee . . . . .	Non-Independent Non-Executive Director
Professor Tan Cheng Han . . . . .	Independent Non-Executive Director
Mr Lim Kei Hin . . . . .	Non-Independent Non-Executive Director

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

**Dr Chin Wei-Li, Audrey Marie** has been an Independent Non-Executive Director of the Keppel REIT Manager since 3 February 2005 and was appointed Chairman of the Board of Directors on 3 July 2012. She also serves as an independent director of NTUC Income Insurance Co-operative Singapore, where she is a member of the investment committee. Dr Chin is concurrently Executive Chairman of Vietnam Investing Associates – Financials Singapore Private Limited.

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

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

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

**Ms Ng Hsueh Ling** has been the Chief Executive Officer and Executive Director of the Keppel REIT Manager since 17 August 2009.

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

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

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

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

**Mr Tan Chin Hwee** has been an Independent Non-Executive Director of the Keppel REIT Manager since 14 September 2010.

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

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

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

**Mr Lee Chiang Huat** has been an Independent Non-Executive Director of the Keppel REIT Manager since 9 April 2012.

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

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

**Mr Daniel Chan Choong Seng** has been an Independent Non-Executive Director of the Keppel REIT Manager since 9 April 2012.

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

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

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

**Mr Lor Bak Liang** has been an Independent Non-Executive Director of the Keppel REIT Manager since 9 April 2012.

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

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

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

**Mr Ang Wee Gee** has been a Non-Executive Director of the Keppel REIT Manager since 1 January 2013.

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

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

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

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

**Professor Tan Cheng Han** has been an Independent Non-Executive Director of the Keppel REIT Manager since 1 January 2013.

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

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

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

**Mr Lim Kei Hin** has been a Non-Executive Director of the Manager since 10 January 2014. He is also the Chief Financial Officer of Keppel Land.

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

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

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

### *Management of the Keppel REIT Manager*

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

<b>Name</b>	<b>Position</b>
Ms Ng Hsueh Ling . . . . .	Chief Executive Officer and Executive Director
Mr Kelvin Chow . . . . .	Chief Financial Officer
Mr Toh Wah San . . . . .	Executive Vice President, Asset Management
Mr Wong Cho Wai . . . . .	Senior Vice President, Investment
Ms Wong Man Li . . . . .	Vice President, Finance

Information on the working experience of the key executives of the Keppel REIT Manager (other than Ms Ng Hsueh Ling, whose working experience is set out in the section above titled “Directors of the Keppel REIT Manager”) is set out below:

**Mr Kelvin Chow** is the Chief Financial Officer of the Keppel REIT Manager.

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

Mr Chow holds a MBA from Universitas 21 Global. He is a Fellow of the Association of Chartered Certified Accountants.

**Mr Toh Wah San** is the Executive Vice President of Asset Management of the Keppel REIT Manager.

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

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

**Mr Wong Cho Wai** is the Senior Vice President of Investment of the Keppel REIT Manager.

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

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

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

**Ms Wong Man Li** is the Vice President of Finance of the Keppel REIT Manager.

Ms Wong has more than 16 years of experience in audit and financial reporting. Prior to joining the Keppel REIT Manager, she was a Senior Audit Manager with PricewaterhouseCoopers.

Ms Wong has also been involved in the auditing of several Singapore-listed corporations, REITs and multinational companies, mainly in the real estate sector. Her experience includes financial reporting, consolidation, taxation, compliance with statutory requirements and internal audit.

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

## **RISK FACTORS**

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

### ***Limitation of this Information Memorandum***

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

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

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

## **RISKS ASSOCIATED WITH AN INVESTMENT IN SECURITIES**

### ***Absence of secondary market for the Securities***

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

### ***Fluctuation of the market value of the Securities***

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

### ***Interest Rate Risk***

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

### ***Inflation Risk***

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

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

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



***The Securities may not be a suitable investment for all investors***

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

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

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

***Securities may be issued at a substantial discount or premium***

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

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

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

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

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

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

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

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

Holders of beneficial interests in the Global Securities and Global Certificates will not have a direct right to vote in respect of the relevant Securities. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

***Securityholders may be subject to tax in Singapore and other jurisdictions***

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

***Modification, waivers and substitution***

The Conditions contain provisions for calling meetings of Securityholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Securityholders, including Securityholders who did not attend and vote at the relevant meeting and Securityholders who voted in a manner contrary to the majority.

The Conditions also provide that the Trustee may, without the consent of Securityholders or the Couponholders, agree to (i) any modification of any of the provisions of the Trust Deed or other Transaction Documents that is in the opinion of the Trustee of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of Singapore law or is required by the relevant clearing system in which the Notes may be held, (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any

breach or proposed breach, of any of the provisions of the Trust Deed or any of the other Transaction Documents that is in the opinion of the Trustee not materially prejudicial to the interests of the Securityholders, and (iii) the substitution in place of the existing Keppel REIT Trustee as the Relevant Issuer or, in the case of Notes issued by the Keppel REIT SPV, as the Guarantor of another company being either the successor in business of the existing Keppel REIT Trustee or the substitution of the existing Keppel REIT Trustee as the new trustee of Keppel REIT in the circumstances described in Condition 12 of the Notes and Condition 10 of the Perpetual Securities.

## **RISKS RELATING TO THE NOTES**

### ***Variable Rate Notes may have a multiplier or other leverage factor***

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

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

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

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

The current Terms and Conditions of the Notes (as set out in the section entitled “Terms and Conditions of the Notes” of this Information Memorandum) do not bind Keppel REIT to a negative pledge covenant. This means that Keppel REIT is generally not restricted from subjecting its undertakings, assets, property or revenue to security arrangements without having to seek the prior approval of the Trustee and/or Noteholders. Noteholders subscribing for any Tranche or Series of Notes should check the relevant Pricing Supplement for any change in the Terms and Conditions the Notes. If you are in any doubt, you should seek independent professional advice.

### ***Enforcement of Guarantee***

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

Programme Agreement, the Agency Agreement and the Securities (the “Relevant Documents”) provide that any liability of or indemnity given by the Keppel REIT Trustee under the Relevant Documents is limited to the assets of Keppel REIT over which the Keppel REIT Trustee has recourse and shall not extend to any personal, or other assets of the Keppel REIT Trustee, or any assets held by the Keppel REIT Trustee as trustee of any trust (other than Keppel REIT).

### ***Singapore Tax Risk***

The Notes to be issued from time to time under the Programme during the period from the date of this Information Memorandum to 31 December 2018 are, pursuant to the ITA and the MAS circular FSD Cir 02/2013 entitled “Extension and Refinement of Tax Concessions for Promoting the Debt Market” issued by the MAS on 28 June 2013, intended to be “qualifying debt securities” for the purposes of the ITA subject to the fulfillment of certain conditions more particularly described in the section “Singapore Taxation”.

However, there is no assurance that the conditions for “qualifying debt securities” will be met or that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws or the MAS circular be amended or revoked at anytime.

### ***RISKS RELATING TO THE PERPETUAL SECURITIES***

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

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

The Keppel REIT Trustee may, at its sole discretion, elect not to pay any scheduled distribution on the Perpetual Securities in whole or in part for any period of time. The Keppel REIT Trustee is subject to certain restrictions in relation to the declaration or payment of distributions on the Junior Obligations of Keppel REIT and (except on a *pro rata* basis) the Parity Obligations of Keppel REIT and the redemption and repurchase of the Junior Obligations of Keppel REIT and (except on a *pro rata* basis) the Parity Obligations of Keppel REIT in the event that it does not pay a distribution in whole or in part. The Keppel REIT Trustee is not subject to any limit as to the number of times or the amount with respect to which the Keppel REIT Trustee can elect not to pay distributions under the Perpetual Securities. Distributions are non-cumulative, while the Keppel REIT Trustee may, at its sole discretion, and at any time, elect to pay an Optional Distribution, being an optional amount equal to the amount of distribution which is unpaid in whole or in part, there is no assurance that the Keppel REIT Trustee will do so, and distributions which are not paid in whole or in part may remain unpaid for an indefinite period of time. Any non-payment of a distribution in whole or in part in accordance with the Conditions of the Perpetual Securities shall not constitute a default for any purpose. Any election by the Keppel REIT Trustee not to pay a distribution in whole or in part, will likely have an adverse effect on the market price of the Perpetual Securities. In addition, as a result of the discretionary and non-cumulative nature of the distribution payable in respect of the Perpetual Securities, the market price of the Perpetual Securities may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such election not to pay and may be more sensitive generally to adverse changes in Keppel REIT’s financial condition.

### ***The Perpetual Securities are unsecured and subordinated obligations***

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

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

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

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

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

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

Any scheduled distribution will not be due if the Keppel REIT Trustee elects not to pay all or a part of that distribution pursuant to the terms and conditions of the Perpetual Securities. Notwithstanding any of the provisions relating to non-payment defaults, the right to institute proceedings is limited to circumstances where payment has become due and the Keppel REIT Trustee fails to make the payment when due and such failure continues for a period of three (3) business days after the due date. The only remedy against the Keppel REIT Trustee available to any Perpetual Securityholder for recovery of amounts in respect of the Perpetual Securities following the occurrence of a payment default after any sum becomes due in respect of the Perpetual Securities will be proving in such Winding-Up and/or claiming in the liquidation of Keppel REIT in respect of any payment obligations of the Keppel REIT Trustee arising from the Perpetual Securities. As Keppel REIT is an authorised collective investment scheme, the enforcement of any remedy will be subject to the prevailing laws and legislation applicable to collective investment schemes in Singapore.

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

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

### ***Holders may be subject to Singapore taxation***

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

In the event that the IRAS regards any tranche of the Perpetual Securities (the “Relevant Tranche of the Perpetual Securities”) to be equity instruments for Singapore income tax purposes, consistent with the accounting treatment of the Relevant Tranche of the Perpetual Securities under SFRS, all payments, or part thereof, of Distributions and Optional Distributions in respect of the Relevant Tranche of the Perpetual Securities may be subject to Singapore income tax in the same manner as distributions on ordinary units of Keppel REIT, and Keppel REIT may be obliged (in certain circumstances) to withhold tax at the prevailing rate (currently 10% or 17%) under Section 45G of the ITA. Where tax is withheld or deducted, the Keppel REIT Trustee shall not be under any obligation to pay additional amounts as will result in receipt by holders of the Relevant Tranche of the Perpetual Securities of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required.

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

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

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

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

### ***RISKS RELATING TO INVESTMENTS IN REAL ESTATE***

#### **The gross revenue earned from the Keppel REIT Properties may be adversely affected by a number of factors**

The gross revenue earned from the Keppel REIT Properties may be adversely affected by a number of factors, including, but not limited to:

- vacancies following the expiry or termination of tenancies that lead to reduced occupancy rates which reduce Keppel REIT’s gross revenue and its ability to recover certain operating costs through service charges;
- granting of rental rebates to the tenants of Keppel REIT due to the impact of the economic downturn or market competitive pressure;
- granting of waiver of interest on late payment of rent;
- the ability to collect rent from tenants on a timely basis or at all;
- tenants seeking the protection of bankruptcy laws which could result in delays in the receipt of rent payments, inability to collect rental income at all, or delays in the termination of the tenant’s lease, which could hinder or delay the re-letting of the space in question, or the sale of the relevant property;
- the amount of rent payable by tenants and other terms on which tenancy renewals and new tenancies are agreed being less favourable than those under current tenancies;
- the Keppel REIT Manager’s ability to provide adequate management and maintenance or to purchase or put in place adequate insurance;
- competition for tenants from comparable properties which may affect rental levels or occupancy rates;
- the local and international political and economic climate and real estate market conditions (such as oversupply of, or reduced demand for, commercial space, general downturns in market rental rates and increases in operating expenses for the Keppel REIT Properties);
- changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning, taxes and government charges. Such revisions may lead to an increase in management expenses or unforeseen capital expenditure needed to ensure

compliance. Rights related to the relevant properties may also be restricted by legislative actions, such as revisions to the laws relating to building standards or town planning laws, or the enactment of new laws related to condemnation and redevelopment; and

- natural disasters, acts of God, wars, terrorist attacks, riots, civil commotions, widespread communicable diseases (such as the severe acute respiratory syndrome, avian flu and the Middle East Respiratory Syndrome), and other events beyond the control of Keppel REIT or the Keppel REIT Manager.

Any of the above factors could have an adverse impact on the business, financial condition and results of operations of Keppel REIT.

### **The Keppel REIT Properties may be subject to increase in property expenses and other operating expenses**

Keppel REIT's performance could be adversely affected if property expenses, such as maintenance charges, property management fees and property taxes, and other operating expenses increase without a corresponding increase in revenue.

Factors which could increase property expenses and other operating expenses include any:

- increase in the amount of maintenance charges for any affected Keppel REIT Properties;
- increase in utility charges;
- change in statutory laws, regulations or government policies which in turn result in increased management expenses or unforeseen capital expenditure arising from the increase in the cost of compliance with such laws, regulations or policies. Rights relating to the Keppel REIT Properties may also be restricted by legislative actions, such as revisions to the laws relating to building standards or town planning laws, or the enactment of new laws relating to condemnation and redevelopment;
- increase in sub-contracted service costs;
- increase in property taxes and other statutory charges;
- increase in the rate of inflation;
- costs arising from litigation claims;
- increase in insurance premiums; and
- damage or defect affecting any of the Keppel REIT Properties which needs to be rectified, leading to unforeseen capital expenditure.

Any of the above factors could have an adverse impact on the financial condition and results of operations of Keppel REIT.

### **The market value of the Keppel REIT Properties may be revalued downwards**

Property valuations generally include a subjective evaluation of certain factors relating to the relevant properties, such as their relative market positions, their financial and competitive strengths and their physical conditions.



General property prices, including that of commercial properties, are subject to the volatilities of the property market and there can be no assurance that there will be no downward revaluation of the Keppel REIT Properties in the future. Any fall in the gross revenue or net property income earned from the Keppel REIT Properties may result in downward revaluation of the Keppel REIT Properties.

In addition, Keppel REIT is required to revalue its investment properties on an annual basis. The changes in fair value may have an adverse effect on Keppel REIT's financial results in the financial years where there is a significant decrease in the valuation of Keppel REIT's investment properties which will result in revaluation losses that will be charged to its statements of total return.

### **Competition from other commercial properties**

There are commercial spaces and properties that may potentially compete with the Keppel REIT Properties in attracting tenants. The Keppel REIT Properties may also have to compete with other properties that may be developed in the future.

The income from, and market value of, the Keppel REIT Properties will be largely dependent on their competitiveness as compared to other commercial properties in the countries where such properties are located in attracting and retaining tenants. Historical operating results of the Keppel REIT Properties may not be indicative of future operating results and historical market values of the Keppel REIT Properties may not be indicative of future market values of such properties. Some of the key factors affecting the ability of Keppel REIT to attract or retain tenants include the attractiveness of the relevant building and the surrounding area to prospective tenants and their customers or clients, the quality of the building's existing tenants as well as the performance of the relevant building's property manager. The increased competition may result in Keppel REIT having to lower its rental rates, suffer a decline in occupancy levels or incur additional capital improvements to improve the Keppel REIT Properties. This would have an adverse effect on the financial condition and results of operations of Keppel REIT.

### **Illiquidity of the Keppel REIT Properties**

Real estate investments are relatively illiquid depending on, among other things, prevailing conditions in the property market. This may affect the ability of Keppel REIT to realise its investments into cash on short notice or to vary the size and mix of its investment portfolio in response to changes in economic, real estate market or other conditions. These factors could have an adverse impact on the business, financial condition and results of operations of Keppel REIT.

### **Potential liability for environmental problems could result in unanticipated costs**

The Keppel REIT Properties are subject to various environmental laws. These laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of hazardous substances. There can be no assurance that potential environmental liabilities do not exist or will not arise in the future. Such liabilities arising from environmental problems could have a material adverse effect on Keppel REIT's business, financial condition, results of operations and prospects.

## **RISKS RELATING TO KEPPEL REIT'S OPERATIONS**

### **Keppel REIT is exposed to economic conditions as well as real estate market conditions (including uncertainties and instability in global market conditions and increased competition in the real estate or commercial properties market)**

As at the date of this Information Memorandum, Keppel REIT's portfolio consists of real estate located in Singapore and Australia. As a result, Keppel REIT's gross revenue and results of operations depend on the performance of the Singapore and Australia economies. A decline in those economies could adversely affect Keppel REIT's results of operations and future growth.

Keppel REIT's performance may also be adversely affected by real estate market conditions, such as the competitiveness of competing commercial properties, an oversupply of commercial properties or reduced demand for commercial properties.

Further, the performance of Keppel REIT may be adversely affected by local real estate market conditions and global economic conditions, including:

- the ability of the tenants of Keppel REIT to pay their rents in a timely manner or to continue with their leases. In particular, as at 30 September 2015, the top ten tenants of Keppel REIT accounted for 43.0% of the portfolio's NLA, and they are from industries such as banking, insurance and financial services, accounting and consultancy services, legal and telecommunications, media and technology. Any significant downturn in the business of these tenants may have an adverse impact on Keppel REIT's results of operations;
- an increase in counterparty risk; and
- an increased likelihood that one or more of Keppel REIT's banking syndicate or insurers may not be able to fulfil their commitments to Keppel REIT.

In 2015, the global economy saw an increase in volatility in the financial and commodity markets, mainly due to concerns about the outlook for the economy in China, the Greek debt crisis and expectations of an interest rate hike in the United States; Singapore and the rest of the Asia-Pacific region also face a slower pace of economic growth. This may have an adverse impact on the overall business environment which may in turn result in a decline in the demand for commercial office space and/or depressed rent rates. Such outcomes may have an adverse impact on the financial condition, business and results of operations of Keppel REIT.

### **Income from the Keppel REIT Properties may fall in the event any party which is contractually bound to provide the Rental Support (as defined below) fails to fulfil its payment obligations, or upon the expiry of the Rental Support**

Keppel REIT receives rental support for certain periods of time in the form of rental support top-up payments for some of its Properties (the "Rental Support"), namely MBFC Tower 3, the 12.4% interest in Ocean Financial Centre, and 77 King Street Office Tower, as part of the acquisition of interests in each of these Properties.

Upon the expiration of the Rental Support, income from the aforementioned Properties may fall if the revised rental income pursuant to rental reversions is lower than the guaranteed income amounts under the Rental Support. This may adversely affect the financial conditions and result of operations of Keppel REIT.

**There is no assurance that the other joint venture partners of the existing property holding companies/trusts or other joint owners will cooperate on matters concerning these companies/trust or jointly owned properties**

Several of the existing partnership/property holding companies/trust/jointly owned properties, such as Keppel REIT's (i) one-third interest in MBFC (comprising MBFC Tower 1, MBFC Tower 2, MBFC Tower 3 and MBLM), (ii) one-third interest in One Raffles Quay, (iii) 50.0% interest in 8 Chifley Square in Sydney, (iv) 50.0% interest in the office building and two retail units as well as a 100.0% interest in the three retail units at 8 Exhibition Street in Melbourne, (v) 50.0% interest in 275 George Street in Brisbane, and (vi) 50.0% interest in the office tower at the site of the Old Treasury Building in Perth, are not wholly-owned by Keppel REIT. Accordingly, the Keppel REIT Trustee does not have sole discretion to manage these properties through the partnership/property holding companies/trust/jointly owned properties.

Under the relevant shareholders' agreements, partnership agreements, joint venture/owners agreements (as the case may be) relating to the partnership/property holding companies/trust/jointly owned properties that are not wholly-owned by Keppel REIT, certain matters, such as amending the joint venture agreements, trust deed, changing the business or equity structure, issuing securities, use of funds, borrowings and other credit activities, replacing the property manager and appointment of key personnel, may require a unanimous or majority shareholders' approval of the relevant property companies.

As Keppel REIT does not own the entire interests in these partnership/property holding companies/trust/jointly owned properties, there is no assurance that such unanimous or majority approval would be obtained from the shareholders of the property holding companies, the unitholders of the trust, the partners of the partnership/joint venture or the other joint owner(s) of the jointly owned properties (as the case may be) would be obtained. The other shareholders of these property holding companies, unitholders of the trust or the partners of the partnership/joint venture or other owner(s) of the jointly owned properties (as the case may be) may vote against such resolutions and hence prevent such resolutions from being passed. If such resolutions are not passed, certain matters relating to these properties, such as those relating to the operation of the properties and the level of dividends to be declared by the partnership/property holding companies/trust or rental proceeds to be distributed by the joint owners, may not be carried out and this may adversely affect Keppel REIT's financial condition and results of operations.

**Keppel REIT's success depends on the ability of the Property Managers (as defined below)**

Keppel REIT depends on the Keppel REIT Manager to manage its operations and its real estate assets. In turn, the Keppel REIT Manager depends on Keppel REIT Property Management Pte Ltd, Raffles Quay Asset Management Pte Ltd, Charter Hall Real Estate Management Services Pty Limited, CBRE Pty Ltd, Mirvac Real Estate Pty Limited and GPT Property Management Pty Limited (collectively, the "Property Managers") for, among other matters, the maintenance and management of the common areas, common facilities and public structures of the Keppel REIT Properties.

Failure of any of the Property Managers to manage the relevant Keppel REIT Property and Keppel REIT's other real estate assets will adversely affect the underlying value of the properties owned by Keppel REIT, and may also result in a loss of tenants. This will in turn have an adverse effect on the financial condition, business and results of operations of Keppel REIT. In addition, any adverse changes in the Keppel REIT Manager's relationship with any of the Property Managers could hinder the ability of the Keppel REIT Manager to manage Keppel REIT's operations and its portfolio of real estate assets. Further, if the agreements with any of the Property Managers are terminated without proper replacement, Keppel REIT could face a substantial disruption to its operations and an increase in costs incurred for the management of the properties and for certain corporate and administrative services.

### **Keppel REIT's business is concentrated in Singapore, which may result in a higher level of risk compared to some other REITs that have properties spread over diverse locations**

As at 30 September 2015, properties held by Keppel REIT are principally located in Singapore. A high concentration in Singapore may entail a higher level of risk as compared to some other REITs which have properties spread over different countries or have a more diverse range of investments. A substantial portion of Keppel REIT's earnings depends on the continued strength of Singapore's office property market, which is in turn affected by general economic and business conditions. This exposes Keppel REIT to the risk of a downturn in economic and real estate conditions in Singapore. The value of Keppel REIT's properties and the rental revenue collected may also be adversely affected by local real estate conditions.

Keppel REIT's performance may also be adversely affected by local real estate market conditions, such as the attractiveness of competing commercial properties and the demand and supply for commercial space.

### **Keppel REIT may suffer material losses in excess of insurance proceeds**

The Keppel REIT Properties may suffer physical damage caused by fire or other causes resulting in losses (including loss of rent). Certain types of risks (such as war risk and terrorist acts) may be uninsurable or the cost of insurance may be prohibitive when compared to the risk. Should an uninsured loss or a loss in excess of insured limits occur, Keppel REIT could be required to pay compensation or lose capital invested in the affected property as well as anticipated future revenue from that property. Keppel REIT would also remain liable for any debt or other financial obligation related to that property.

In addition, Keppel REIT will have to renew its insurance policies every year and negotiate acceptable terms for coverage. Any material increase in insurance rates or decrease in available coverage could affect Keppel REIT's business, financial condition and results of operation.

### **Keppel REIT is exposed to risks associated with investing outside Singapore**

As part of the Keppel REIT Manager's acquisition growth strategy, Keppel REIT has invested in properties located in Australia, and may invest in properties in other countries in Asia-Pacific which would expose it to the risk of political, economic, regulatory and social uncertainties specific to those countries. The value of these properties and the rental income from these properties may also be adversely affected by a number of local real estate market conditions in these countries, such as oversupply, the performance of other competing properties or reduced demand for these properties. Any changes in the political environment and the policies by the governments of these countries, which include, inter alia, restrictions on foreign currency conversion or remittance of earnings, the requirement for approval by government authorities, changes in law, regulations and interpretation thereof and changes in taxation could adversely affect Keppel REIT's future results of operations and growth.

### **Keppel REIT faces foreign currency exchange rate risk**

The income and profit of Keppel REIT from its assets are denominated in the local currency of the countries in which such assets may be located, while the reporting currency of Keppel REIT for the purposes of its financial statements is in Singapore dollars. Keppel REIT recognises foreign currency gains or losses arising from its operations in the period incurred. As a result, currency fluctuations between the Singapore dollar and the non-Singapore dollar currencies will cause Keppel REIT to incur foreign currency translation gains and losses. Keppel REIT cannot predict the effects of exchange rate fluctuations upon its future operating results because of the variability of currency exposure and the potential volatility of foreign exchange rates.

As at the date of this Information Memorandum, the Keppel REIT Properties are located in Singapore and Australia. Accordingly, Keppel REIT receives income from its properties in Australia in Australian dollars. Fluctuations of the Australian dollar against the Singapore dollar may cause fluctuations in Keppel REIT's results of operations and could have an adverse impact on Keppel REIT's reported financial results. Further, a decline of the Australian dollar against the Singapore dollar may also result in an increase in Keppel REIT's aggregate leverage as a result of reduced asset value and a decline in Keppel REIT's net asset value.

**Keppel REIT depends on certain key personnel, and loss of any key personnel may adversely affect its business and results of operation**

Keppel REIT's success depends upon the continued service and performance of the senior management team and certain key senior personnel of the Keppel REIT Manager. These key personnel may leave the Keppel REIT Manager, as the case may be, in the future or compete with the Keppel REIT Manager and Keppel REIT. The loss of any of these key personnel could have a material adverse effect on Keppel REIT's operational results and financial condition.

**Certain financial institutions and banks that lend to Keppel REIT have the benefit of certain restrictive covenants and rights**

Certain properties may be mortgaged to secure payment of bank borrowings and if Keppel REIT defaults on interest or principal payments in respect of such bank borrowings, such properties could be foreclosed by the lender or the lender could require a force sale of such properties, resulting in a loss of revenue and asset value to Keppel REIT. If principal payments due at maturity cannot be refinanced or paid with the proceeds of other capital transactions such as new equity capital, Keppel REIT may not be able to repay all maturing debt. There is also no guarantee that Keppel REIT will be able to refinance its existing borrowings or that the terms of such refinancing will be as favourable as the terms of its existing borrowings. In addition, future borrowings may subject Keppel REIT to certain covenants that may limit or otherwise adversely affect its operations and the ability of Keppel REIT to make payments to Securityholders. Such covenants may restrict Keppel REIT's ability to invest in properties or undertake capital expenditure or may require it to set aside funds as security deposits. Furthermore, if prevailing interest rates or other factors at the time of refinancing (such as the possible reluctance of lenders to make commercial real estate loans) result in higher interest rates upon refinancing, the interest expense relating to such refinanced borrowings would increase, which would adversely affect Keppel REIT's cash flow and its ability to make payments to Securityholders. Keppel REIT may, from time to time, require additional debt financing to achieve the Keppel REIT Manager's investment strategies.

**The amount Keppel REIT may borrow is limited, which may affect the operations of Keppel REIT, and the borrowing limit may be exceeded if there is a downward revaluation of assets**

As at the date of this Information Memorandum, the Property Funds Appendix provides that the aggregate leverage of a REIT may reach a maximum of 60.0% of the value of its deposited property, provided that a credit rating from Fitch Ratings Inc., Moody's Investor Services Inc. or Standard & Poor's Ratings Services is obtained and disclosed to the public. In addition, such credit rating should be maintained and disclosed so long as the aggregate leverage of the REIT exceeds 35.0% of the value of its deposited property. Keppel REIT is currently rated and is therefore permitted to borrow up to a maximum of 60.0% of the value of its deposited property. However, a decline in the value of Keppel REIT's deposited property may affect Keppel REIT's ability to borrow further<sup>1</sup>.

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<sup>1</sup> On 2 July 2015, the MAS issued its response to feedback received on its Consultation Paper on Enhancements to the Regulatory Regime Governing REITs and REIT Managers. Pursuant to such response, REITs will have a single-tier aggregate leverage limit of 45.0% without requirement for credit rating and the option for a REIT to leverage up to 60.0% by obtaining a credit rating will be removed. This will be effective from 1 January 2016.

Adverse business consequences of this limitation on borrowings may include:

- an inability to fund capital expenditure requirements in relation to Keppel REIT's existing portfolio or in relation to the acquisition by Keppel REIT of further properties; and
- cash flow shortages which may have an adverse impact on Keppel REIT's ability to satisfy its obligations in respect of the Securities.

A downward revaluation of any of the Keppel REIT Properties or other circumstances may result in a breach of the borrowing limit under the Property Funds Appendix. In the event of such a breach, Keppel REIT would not be able to incur further indebtedness. In such circumstances, while Keppel REIT may not be required to dispose of its assets to reduce its indebtedness, the inability to incur further indebtedness may constrain its operational flexibility.

In addition, a severe downward revaluation of any of the Keppel REIT Properties may result in a breach of certain financial covenants under the Securities or under any of other debt financing arrangements of Keppel REIT or the Group.

#### **Keppel REIT's ability to refinance its indebtedness**

As at 30 September 2015, Keppel REIT had approximately S\$3.55 billion of total indebtedness, including its proportionate share of the borrowings at the level of associates and deferred payments, of which approximately 72% must be refinanced by the end of 2019. There can however be no assurance that Keppel REIT will be able to refinance its indebtedness as it becomes due on commercially reasonable terms or at all. Any increased costs or non-availability of re-financing will have a material adverse effect on Keppel REIT's operations, operating results and financial condition. Additionally, with Keppel REIT's level of indebtedness, a portion of its expected cash flow may be required to be dedicated to the payment of interest on its indebtedness thereby reducing the funds available to Keppel REIT for use in its general business operations.

#### **Keppel REIT may experience limited availability of funds which may in turn curb its plans for expansion**

Keppel REIT may require additional financing to fund working capital requirements, to support the future growth of its business and/or to refinance existing debt obligations. There can be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtained on terms favourable to Keppel REIT. Factors that could affect Keppel REIT's ability to procure financing include the cyclicity of the property market and market disruption risks which could adversely affect the liquidity, interest rates and the availability of funding sources. Keppel REIT may experience increased difficulties in obtaining funding amidst uncertainties in the global economy, be it from financial institutions or the capital markets. In addition, further consolidation in the banking industry in Singapore and/or elsewhere in Asia may also reduce the availability of credit as the merged banks seek to reduce their combined exposure to one company or sector. Keppel REIT's plans for expansion will require significant additional investments and capital and if Keppel REIT is unable to procure sufficient funds, this could have a material adverse effect on its growth strategy.

#### **Keppel REIT is subject to interest rate fluctuations**

As at 30 September 2015, Keppel REIT had approximately S\$3.55 billion of total indebtedness, including its proportionate share of the borrowings at the level of associates and deferred payments, of which approximately 28% is on a floating rate basis. As a result, its operations or financial conditions could be adversely affected by interest rate fluctuations.

As part of its active capital management strategies, Keppel REIT may enter into some hedging transactions to partially mitigate the risk of such interest rate fluctuations. However, Keppel REIT's hedging policy may not adequately cover its exposure to interest rate fluctuations. As a result, Keppel REIT's operations and/or financial condition may be adversely affected by interest rate fluctuations.

#### **The Keppel REIT Manager may change Keppel REIT's investment strategy**

Keppel REIT's policies with respect to certain activities, including investments and acquisitions, will be determined by the Keppel REIT Manager, subject to applicable laws and regulations. The Keppel REIT Manager has stated its intention to invest in quality commercial properties that are strategically located within key business districts in Asia-Pacific. The Keppel REIT Trust Deed grants the Keppel REIT Manager wide powers to invest in other types of assets, including any real estate, real estate-related assets as well as listed and unlisted securities in Singapore and other jurisdictions.

#### **The Keppel REIT Manager may not be able to implement its investment strategy**

The Keppel REIT Manager's investment strategy includes expanding Keppel REIT's portfolio of commercial properties. There can be no assurance that the Keppel REIT Manager will be able to implement its investment strategy successfully or that it will be able to expand Keppel REIT's portfolio further, or at any specified rate or to any specified size. The Keppel REIT Manager may not be able to make investments or acquisitions on favourable terms or within a desired time frame.

Keppel REIT will be relying on external sources of funding to expand its portfolio, which may not be available on favourable terms or at all, particularly in light of current global market conditions. Even if Keppel REIT were able to successfully make additional property investments, there can be no assurance that Keppel REIT will achieve its intended return on such investments. Since the amount of debt that Keppel REIT can incur to finance acquisitions is limited by the Property Funds Appendix, such acquisitions will largely be dependent on Keppel REIT's ability to raise equity capital. Potential vendors may view the prolonged time frame and lack of certainty generally associated with the raising of equity capital to fund any such purchase negatively and may prefer other potential purchasers.

Furthermore, there may be significant competition for attractive investment opportunities from other real estate investors, including commercial property development companies, private investment funds and other REITs whose investment policy is also to invest in commercial properties. There can be no assurance that Keppel REIT will be able to compete effectively against such entities. This is particularly so in the case of Singapore where the stamp duty concession previously enjoyed by REITs was removed with effect from 31 March 2015; the removal of such concessions means that REITs will have to pay 3.0% of the purchase price of the property as stamp duty, thereby increasing their acquisition costs and reducing their level of competitiveness against other real estate developers. There is therefore no assurance that Keppel REIT's acquisition growth strategy can be successfully implemented as increased competition may adversely affect its ability to acquire properties in Singapore.

#### **The Keppel REIT Manager may not be able to implement its asset enhancement strategy**

One of the Keppel REIT Manager's strategies for growth is to increase total returns through asset enhancement initiatives. Any plans for asset enhancement initiatives are subject to known and unknown risks, uncertainties and other factors which may lead to any of such asset enhancement initiatives and/or their outcomes being materially different from the original projections or plans. There can be no assurance that the Keppel REIT Manager will be able to implement any of its proposed asset enhancement initiatives successfully or that the carrying out of any asset

enhancement initiative will enhance the value of the relevant property. The proposed asset enhancement initiatives are subject to Keppel REIT obtaining the approvals of the relevant authorities. Furthermore, the Keppel REIT Manager may not be able to carry out the proposed asset enhancement initiatives within a desired timeframe, and any benefit or return which may arise from such asset enhancement initiatives may be reduced or lost. Even if the asset enhancement initiatives are successfully carried out, there can be no assurance that Keppel REIT will achieve its intended return or benefit on such asset enhancement initiatives.

**Keppel Land and Keppel Corporation are controlling Unitholders of Keppel REIT and will be able to exercise influence over certain activities of Keppel REIT**

Keppel Land and its subsidiaries, related corporations and associates are engaged in the investment in, and the development and management of, among others, real estate in Singapore. As at the Latest Practicable Date, Keppel Land owns, through its wholly-owned subsidiaries, a direct interest of approximately 45.5% of the total number of issued Units. Furthermore, Keppel Land's controlling shareholder, Keppel Corporation owns, through its wholly-owned subsidiary, an additional 0.2% of the total number of issued Units as at the Latest Practicable Date. Together, Keppel Land and Keppel Corporation have an interest in 45.7% of the total number of Units in issue as at the Latest Practicable Date and Keppel Land and Keppel Corporation are entitled to act in their own interests, which may not be aligned to the interest of Securityholders.

**Keppel REIT may be involved in legal and/or other proceedings from time to time**

Keppel REIT may be involved from time to time in disputes with various parties such as tenants, contractors, sub-contractors, consultants, suppliers, construction companies, purchasers and other partners involved in the asset enhancement, operation and purchase of its properties. These disputes may lead to legal and other proceedings, and may cause Keppel REIT to suffer additional costs and delays that result in financial losses and delay the construction or completion of its projects. Additionally, Keppel REIT may have disputes with regulatory bodies in the course of its operations, which may subject it to administrative proceedings and unfavourable orders, directives or decrees. This will in turn result in financial losses and delays in the construction or completion of its projects.

**Political instability, acts of violence, terrorism and war risks may affect the business, financial condition and results of operations of Keppel REIT**

The presence of political stability, acts of violence, terrorism or even war risks will disrupt the operations, revenues and profitability of Keppel REIT. In addition, the Properties face the risk of suffering physical damage from the same.

Moreover, certain types of risks (such as war risks or losses caused by the outbreak of virulent epidemics and diseases) may not be covered by insurance, or may require separate insurance cover. Keppel REIT may suffer losses from uninsured risks which have the potential to cause major disruptions to the finances, business and operations of Keppel REIT. There is no assurance that these risks will not arise in the future.

**Keppel REIT is exposed to general risks associated with relying on third-party contractors**

Keppel REIT engages third-party contractors to provide various services in connection with its office space and asset enhancement initiatives, including construction, building and property fitting-out works, alterations and additions, interior decoration, installation and maintenance of air-conditioning units and lifts, cleaning and security works and gardening/landscaping works. Some of the major third-party contractors engaged by Keppel REIT may experience financial or other difficulties which may in turn affect their ability to carry out construction works, thus delaying the completion of projects. There can also be no assurance that the services rendered by the



third-party contractors will meet Keppel REIT's targeted quality levels. All of these factors could have an adverse effect on the business, financial condition and results of operations of Keppel REIT.

**As a condition for tax transparency treatment, Keppel REIT is required to distribute at least 90.0% of its taxable income (after deduction of applicable expenses) (failing which Keppel REIT would be liable to pay tax on its taxable income) and may face liquidity constraints**

As a condition for tax transparency treatment, Keppel REIT is required to distribute at least 90% of its taxable income to Unitholders, failing which Keppel REIT would be liable to pay tax on its taxable income (after deduction of applicable expenses).

If Keppel REIT's taxable income (after deduction of applicable expenses) is greater than its cashflow from operations, it may have to borrow funds to meet ongoing cashflow requirements in order to distribute at least 90.0% of its taxable income to Unitholders (after deduction of applicable expenses) since it may not have any reserves to draw on. Keppel REIT's ability to borrow is, however, limited by the Property Funds Appendix.

Failure to make such distributions to Unitholders would put Keppel REIT in breach of the terms for tax transparency treatment and Keppel REIT would be liable to pay income tax. This may in turn have an adverse effect on the financial condition and results of operations of Keppel REIT.

#### **GENERAL RISKS RELATING TO SINGAPORE AND AUSTRALIA**

**Keppel REIT is exposed to risks associated with changes to laws and policies in the countries in which the Keppel REIT Properties are located, and in particular, the Properties located in Singapore and Australia may be subject to compulsory acquisition by the respective governments in those countries**

As at the date of this Information Memorandum, Keppel REIT's portfolio consists of real estate located in Singapore and Australia and it will therefore be subject to real estate laws, securities laws, tax laws and any other applicable laws and policies and any unexpected changes to the same in Singapore and/or Australia.

The Land Acquisition Act (Chapter 152 of Singapore), *inter alia*, gives the Government of Singapore the power to acquire any land in Singapore. Compulsory acquisition of land in Australia is administered at the Commonwealth, State and Local levels. The relevant legislation include the Lands Acquisition Act 1989 which is administered by the Government of the Commonwealth of Australia, the Land Act 1994 and the Acquisition of Land Act 1967 which are administered by the State of Queensland and the Land Acquisition (Just Terms Compensation) Act 1991 which is administered by the State of New South Wales.

Accordingly, if the market value of a property or part thereof which is compulsorily acquired is greater than the compensation which may be received by Keppel REIT as a result of such compulsory acquisition, this could have an adverse effect on the financial condition and results of operations of Keppel REIT.

Further, Keppel REIT may be exposed to the risks associated with changes to laws and policies in other countries (besides Singapore and Australia) which it may invest in, in the future.

#### **Keppel REIT may be exposed to various types of taxes in Singapore and Australia**

The income and gains derived by Keppel REIT, directly or indirectly, from the Properties may be exposed to various types of taxes in Singapore and Australia. These include but are not limited to income tax, withholding tax, capital gains tax and other taxes specifically imposed for the

ownership of such assets. While the Keppel REIT Manager intends to manage the taxation in each of these countries efficiently, there can be no assurance that the desired tax outcome will necessarily be achieved. In addition, the level of taxation in each of these countries is subject to changes in laws and regulations and such changes, if any, may lead to an increase in tax rates or the introduction of new taxes. All these factors may adversely affect the ability of Keppel REIT to fulfil its payment obligations under the Securities.

### **The laws, regulations and accounting standards in Singapore and Australia are subject to change**

Keppel REIT may be affected by the introduction of new or revised legislation, regulations or accounting standards. Accounting standards in Singapore and Australia are subject to change as these accounting standards are further aligned with international accounting standards. The financial statements of Keppel REIT may be affected by the introduction of such revised accounting standards. The extent and timing of these changes in accounting standards are unknown and subject to confirmation by the relevant authorities.

There is no assurance that these changes will not:

- have a significant impact on the presentation of Keppel REIT's financial statements;
- have a significant impact on Keppel REIT's results of operations;
- have an adverse effect on the ability of the Keppel REIT Manager to carry out Keppel REIT's investment mandate; and/or
- have an adverse effect on the business, financial condition, results of operations and prospects of Keppel REIT.

### ***RISKS RELATING TO SINGAPORE***

#### **Tax exemptions/concessions extended to REITs (including Keppel REIT) in Singapore may not apply indefinitely**

REITs in Singapore enjoy certain tax exemptions/concessions and some of these granted are for a specified period of time. These tax exemptions/concessions, whether or not for a specified period of time, are or may be subject to review by the Singapore Government. There can be no assurance that the Singapore Government will continue to grant such tax exemptions/concessions indefinitely or renew them upon their expiry. A removal of any or all of these tax exemptions/concessions will result in increased taxation on Keppel REIT and accordingly will have an adverse impact on its financial condition and results of operations.

### ***RISKS RELATING TO AUSTRALIA***

#### ***Investments by Keppel REIT may be subject to Australia's foreign investment regime***

In relation to investments by Keppel REIT, the Keppel REIT Trustee is a "foreign person" for the purposes of the *Foreign Acquisitions and Takeovers Act 1975* ("FATA") and a foreign government investor for the purposes of the Australia's Foreign Investment Policy (the "Policy"), such that investments in Australia by Keppel REIT (including acquisitions of Australian urban land and some acquisitions in Australian corporations) may be subject to notice requirements under the FATA and the Policy for review and the issue of a prior Foreign Investment Review Board ("FIRB") approval by the Australian Treasurer (which may or may not be given or may be given subject to conditions). If such approval is required and not given in relation to an investment, Keppel REIT may not be able to proceed with that investment.

In this regard, although Keppel REIT has obtained FIRB approval for its acquisition of the Properties in Australia, there can be no assurance that Keppel REIT will be able to obtain or renew required government approvals, permits and licenses for its activities in Australia as investments by Keppel REIT are subject to Australia's foreign investment regime. In the event that the requisite approvals are not obtained or renewed, there may be an adverse effect on the business, financial condition, results of operations and prospects of Keppel REIT and, in turn, Keppel REIT's ability to make payments to the Securityholders.

### **Keppel REIT is exposed to the risks relating to the uncertainties and changes in the Australian taxation regime**

In Australia, a public unit trust (e.g. trusts beneficially owned by listed trusts) will be taxed as a company where the trust does not engage in "wholly eligible investment business" at any time during an income year (subject to certain safe harbour rules or relevant concessions).

Furthermore, where the public unit trust would otherwise qualify as a managed investment trust ("MIT"), the public unit trust will be unable to qualify as an MIT if it does not engage in "wholly eligible investment business" at any time during an income year. This is an annual test. While Keppel REIT may seek professional advice to ensure that its relevant Australian unit trusts should only engage in "wholly eligible investment business", there is no assurance that the Australian Taxation Office may not take a different view.

Further, Australia is going through a period of significant tax reform. The tax reform process may result in changes to tax legislation which may adversely impact the acquisition and holding structure which Keppel REIT has adopted in relation to its Properties in Australia. To date, the proposed changes announced include:

- **MIT Taxation Regime**

The former Australian Government announced a new tax system for MITs on 7 May 2010. To date, the Australian Government has been engaging with the Australian Taxation Office, various industry and professional bodies in relation to various aspects of the proposed new regime.

- **Trusts Reform (Non-MITs)**

On 21 November 2011, the former Australian Government released a discussion paper on the modernisation of the taxation of trusts (excluding MITs). However, the current status of these reforms is currently unclear under the current Australian Government.

## **PURPOSE OF THE PROGRAMME AND USE OF PROCEEDS**

In the case where the Keppel REIT SPV is the Relevant Issuer, it will lend the net proceeds arising from the issue of Notes under the Programme (after deducting issue expenses) to the Keppel REIT Trustee. The net proceeds of an issuance of Notes, or, as the case may be, Perpetual Securities will be used by the Keppel REIT Trustee towards (a) financing or refinancing acquisitions and/or investments of Keppel REIT and any asset enhancement works initiated by the Keppel REIT Trustee or any trust, fund or entity in which the Keppel REIT Trustee has an interest, (b) on-lending to any trust, fund or entity in which the Keppel REIT Trustee has an interest, (c) financing the general working capital purposes of the Group and (d) refinancing the borrowings of the Group.

## **CLEARING AND SETTLEMENT**

### ***Clearance and Settlement under the Depository System***

In respect of Securities which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities (“Depository System”) maintained by CDP. Securities that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Securities which are accepted for clearance by CDP, the entire issue of the Securities is to be held by CDP in the form of a Global Security or a Global Certificate for persons holding the Securities in securities accounts with CDP (“Depositors”). Delivery and transfer of Securities between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Securities through the Depository System may only be effected through certain corporate depositors (“Depository Agents”) approved by CDP under the Companies Act to maintain securities sub-accounts and to hold the Securities in such securities sub-accounts for themselves and their clients. Accordingly, Securities for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Securities in direct securities accounts with CDP, and who wish to trade Securities through the Depository System, must transfer the Securities to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Securities in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuers, the Guarantor, the CDP Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

### ***Clearance and Settlement under Euroclear and/or Clearstream, Luxembourg***

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems

which enables their respective participants to settle trades with one another. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to other financial institutions, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

A participant's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants. Distributions of principal with respect to book-entry interests in the Securities held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the relevant paying agent, to the cash accounts of the relevant Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

## SINGAPORE TAXATION

The statements made below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by IRAS and the MAS in force as at the date of this Information Memorandum and budget measures announced in the Singapore Budget 2015 on 23 February 2015 which have yet to be legislated and are subject to any changes in such laws, administrative guidelines, or circulars, or the interpretation of those laws, guidelines, or circulars occurring after such date, which changes could be made on a retroactive basis. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Securities or of any person acquiring, selling or otherwise dealing with the Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Securities. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Securities and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive tax incentive(s)) may be subject to special rules or tax rates. The statements should not be regarded as advice on the tax position of any person and should be treated with appropriate caution. Prospective holders of the Securities are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Securities, including, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Relevant Issuer, the Guarantor, the Keppel REIT Manager or any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Securities.

### 1. Taxation relating to payments on Notes

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

#### *Interests and other payments*

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

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15% final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17%. The applicable rate for non-resident individuals is currently 20%<sup>1</sup>. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15%. The rate of 15% may be reduced by applicable tax treaties.

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

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

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

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

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

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

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

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

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<sup>1</sup> It was proposed in the Singapore Budget 2015, announced on 23 February 2015, that the top marginal rate for Singapore tax resident individuals will be increased from 20% to 22% with effect from the year of assessment 2017. The IRAS has clarified that the tax rate for non-resident individuals would be adjusted from 20% to 22% with effect from the year of assessment 2017.



In addition, as the Programme as a whole was arranged by the Arranger, a Financial Sector Incentive (Standard Tier) Company (as defined in the ITA), any tranche of the Notes issued during the period from the date of this Information Memorandum to 31 December 2018 (the “Relevant Notes”) would, pursuant to the ITA and the MAS Circular FSD Cir 02/2013 entitled “Extension and Refinement of Tax Concessions for Promoting the Debt Market” issued by MAS on 28 June 2013 (the “MAS Circular”), be “qualifying debt securities” for the purposes of the ITA, to which the following treatment shall apply:

- (i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Relevant Issuer, or such other person as the Comptroller may direct, of a return on debt securities for the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require to the MAS and the inclusion by the Relevant Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using funds from that person’s operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium, and break cost (collectively, the “Specified Income”) from the Relevant Notes derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from the operation through a permanent establishment in Singapore, are exempt from Singapore income tax;
- (ii) subject to certain conditions having been fulfilled (including the furnishing by the Relevant Issuer, or such other person as the Comptroller may direct, of a return on debt securities for the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require to the MAS), Specified Income from the Relevant Notes derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10%; and
- (iii) subject to:
  - (aa) the Relevant Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Specified Income) derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and
  - (bb) the Relevant Issuer, or such other person as the Comptroller may direct, furnishing to the MAS a return on debt securities for the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require,

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

However, notwithstanding the foregoing:

- (A) if during the primary launch of any tranche of the Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four (4) persons and 50% or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Relevant Issuer, such Relevant Notes would not qualify as “qualifying debt securities”; and
- (B) even though a particular tranche of the Relevant Notes are “qualifying debt securities”, if, at any time during the tenure of such tranche of Relevant Notes, 50% or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related parties of the Relevant Issuer, Specified Income from such Relevant Notes derived by:
  - (I) any related party of the Relevant Issuer; or
  - (II) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Relevant Issuer,

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

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

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

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

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

- (a) are issued during the period from 16 February 2008 to 31 December 2018;
- (b) have an original maturity date of not less than 10 years;
- (c) (i) if they are issued before 28 June 2013, cannot be redeemed, called, exchanged or converted within 10 years from the date of their issue; or

- (ii) if they are issued on or after 28 June 2013, cannot have their tenure shortened to less than 10 years from the date of their issue, except under such circumstances as may be prescribed by regulations (see below); and
- (d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

The MAS Circular states that with effect from 28 June 2013, the QDS Plus Scheme will be refined to allow debt securities with certain standard early termination clauses to qualify for the QDS Plus Scheme at the point of issuance. Examples of standard early termination clauses include clauses which provide for early termination due to a taxation event, default event, change of control event, change of shareholding event or change in listing status of an issuer. Subsequently, should the debt securities be redeemed prematurely due to standard early termination clauses (i.e. before the 10th year), the income tax exemption granted to specified income exempt under the QDS Plus Scheme prior to redemption will not be clawed back. Instead, the QDS Plus status of the debt securities will be revoked prospectively for outstanding debt securities, if any. The outstanding debt securities may still enjoy tax benefits under the “qualifying debt securities” scheme if the other conditions for “qualifying debt securities” continue to be met. Notwithstanding the above, debt securities with embedded options with economic value (such as call, put, conversion or exchange options which can be triggered at specified prices or dates and are built into the bond’s pricing at the onset) which can be exercised within 10 years from the date of issuance will continue to be excluded from the QDS Plus Scheme from the onset.

In determining an investor’s income that is to be exempted from tax under the QDS Plus Scheme, prescribed conditions apply in relation to how the investor’s losses, expenses and capital allowances which are attributable to exempt income are to be treated.

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

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

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

## **2. Taxation relating to payments on Perpetual Securities**

### **A. Singapore tax classification of hybrid instruments**

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

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

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

These factors include (but are not limited to):

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

## **B. Application for tax ruling**

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

The Keppel REIT Manager will provide details of the tax ruling issued by the IRAS via an announcement on its website [www.keppelreit.com](http://www.keppelreit.com) shortly after the receipt of the tax ruling.

***i. Perpetual Securities characterised as debt instruments***

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

***ii. Perpetual Securities characterised as equity instruments***

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

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

**Taxation of distributions on Units**

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

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

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

(a) Taxable income distribution

*Withholding tax*

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

A "Qualifying Unitholder" is a Unitholder who is:

- a company incorporated and resident in Singapore;
- a Singapore branch of a company incorporated outside Singapore; or
- a body of persons incorporated or registered in Singapore, including a charity registered under the Charities Act (Chapter 37 of Singapore) or established by any written law, a town council, a statutory board, a co-operative society registered under the Co-operative Societies Act (Chapter 62 of Singapore) or a trade union registered under the Trade Unions Act (Chapter 333 of Singapore).

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

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

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

### *Tax deducted at source on taxable income distributions*

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

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

### *Taxation in the hands of Unitholders*

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

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

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

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

#### (b) Tax-exempt income distribution

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

#### (c) Capital distribution

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

#### (d) Other gains distribution

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

### **3. Capital Gains**

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

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

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

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

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

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

### **5. Estate Duty**

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



## **SUBSCRIPTION, PURCHASE AND DISTRIBUTION**

The Programme Agreement provides for Securities to be offered from time to time through one or more Dealers. The price at which a Series or Tranche will be issued will be determined prior to its issue between the Relevant Issuer and the relevant Dealer(s). The obligations of the Dealers under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) will subscribe or procure subscribers for Securities from the Relevant Issuer pursuant to the Programme Agreement.

### **United States**

The Securities have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act (“Regulation S”).

Bearer Securities are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has agreed that, and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Securities of any identifiable Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of such Tranche, as determined and certified to the Relevant Issuer by the Issuing and Paying Agent, by such Dealer (or, in the case of an issue of Securities on a syndicated basis, the relevant lead manager), of all Securities of the Tranche of which such Securities are a part, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of any identifiable Tranche of Securities, an offer or sale of Securities within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

### **United Kingdom**

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (a) in relation to any Securities which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Securities other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Securities would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by the Relevant Issuer;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Relevant Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to any thing done by it in relation to any Securities in, from or otherwise involving the United Kingdom.

## **European Union**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) it has not made and will not make an offer of Securities which are the subject of the offering contemplated by this Information Memorandum as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Securities to the public in that Relevant Member State:

- (a) if the final terms in relation to the Securities specify that an offer of those Securities may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “Non-exempt Offer”), following the date of publication of a prospectus in relation to such Securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (d) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealer nominated by the Relevant Issuer for any such offer; or
- (e) at any time in any other circumstance falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Securities referred to in (b) to (e) above shall require the Relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Securities to the public” in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied

in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

## **Hong Kong**

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

## **Singapore**

Each Dealer has acknowledged that this Information Memorandum has not been and will not be registered as a prospectus with the MAS. Accordingly, each Dealer has represented, warranted and agreed that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor under Section 274 of the SFA, (b) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

## **General**

Each Dealer understands that no action has been taken in any jurisdiction that would permit a public offering of any of the Securities, or possession or distribution of this Information Memorandum or any other document or any Pricing Supplement, in any country or jurisdiction (other than Singapore) where action for that purpose is required.

Each Dealer has agreed that it will comply with all applicable securities laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Securities or any interest therein or rights in respect thereof or has in its possession or distributes, any other document (including without limitation, this Information Memorandum) or any Pricing Supplement. No Dealer will directly or indirectly offer, sell or deliver Securities or any interest therein or rights in respect thereof or distribute or publish any prospectus, circular, advertisement or other offering material (including, without limitation, this Information Memorandum) in any

country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations, and all offers, sales and deliveries of Securities or any interest therein or rights in respect thereof by it will be made on the foregoing terms. In connection with the offer, sale or delivery by any Dealer of any Securities or any interest therein or rights in respect thereof, the Relevant Issuer shall not have responsibility for, and each Dealer will obtain, any consent, approval or permission required in and each Dealer will comply with the laws and regulations in force in, any jurisdiction to which it is subject or from which it may make any such offer or sale.

Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Securities or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional advisers and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.

## GENERAL AND OTHER INFORMATION

### INFORMATION ON DIRECTORS

1. The name and position of each of the Directors of the Keppel REIT SPV are set out below:

Name	Position
Ms Ng Hsueh Ling . . . . .	Director
Mr Kelvin Chow Chung Yip . . . . .	Director
Mr Wong Man Li . . . . .	Director

2. No Director of the Keppel REIT SPV is or was involved in any of the following events:
- (a) a petition under any bankruptcy laws filed in any jurisdiction against such person or any partnership in which he was a partner or any corporation of which he was a director or an executive officer;
  - (b) a conviction of any offence, other than a traffic offence, or judgement, including findings in relation to fraud, misrepresentation or dishonesty, given against him in any civil proceedings in Singapore or elsewhere, or being a named subject to any pending proceedings which may lead to such a conviction or judgement, or so far as such person is aware, any criminal investigation pending against him; or
  - (c) the subject of any order, judgement or ruling of any court of competent jurisdiction, tribunal or government body, permanently or temporarily enjoining him from acting as an investment advisor, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.
3. As at the date of this Information Memorandum, no option to subscribe for shares in, or debentures of, the Keppel REIT SPV has been granted to, or was exercised by, any Director of the Keppel REIT SPV.
4. No Director of the Keppel REIT SPV is interested, directly or indirectly, in the promotion of any assets acquired or disposed of by or leased to, the Keppel REIT SPV within the two years preceding the date of this Information Memorandum, or in any proposal for such acquisition, disposal or lease as aforesaid.

### SHARE CAPITAL OF THE KEPPEL REIT SPV

5. As at the date of this Information Memorandum, there is only one class of ordinary shares in the Keppel REIT SPV. The rights and privileges attached to the Shares are stated in the Articles of Association of the Keppel REIT SPV.
6. Save as disclosed below, no shares in, or debentures of, the Keppel REIT SPV were issued or were proposed to be issued, as fully or partly paid up, for cash or for a consideration other than cash, during the two years preceding the date of this Information Memorandum.
7. On 11 February 2015, the Keppel REIT SPV issued S\$50,000,000 in aggregate principal amount of 3.15 per cent. Notes due 2022 under the Programme, which Notes are unconditionally and irrevocably guaranteed by the Keppel REIT Trustee.

8. The issued share capital of the Keppel REIT SPV as at the date of this Information Memorandum is as follows:

<b>Share Designation (S\$)</b>	<b>Issued Share(s)</b>	<b>Issued Share Capital</b>
Ordinary Shares	One (1)	1.00

9. As at the date of this Information Memorandum, the Keppel REIT SPV is a wholly-owned subsidiary of Keppel REIT.

#### **ISSUED UNITS OF KEPPEL REIT**

10. As at the date of this Information Memorandum, there is only one class of Units. The rights and privileges attached to the Units are stated in the Keppel REIT Trust Deed.

11. Save as disclosed below, no Units were issued or were proposed to be issued, as fully or partly paid up, for cash or for a consideration other than cash, during the two years preceding the date of this Information Memorandum.

- (a) Payment of management fees and acquisition fees to the Keppel REIT Manager in Units and issuance of Units under the DRP during the two years preceding the date of this Information Memorandum up to the Latest Practicable Date:

<b>Issuance Date</b>	<b>Number of Units</b>
30 October 2013 .....	5,861,704
29 January 2014 .....	6,591,764
30 April 2014 .....	6,715,908
30 July 2014 .....	5,985,399
30 October 2014 .....	6,382,555
30 December 2014 .....	9,863,378
30 January 2015 .....	6,474,804
30 April 2015 .....	10,302,623
30 July 2015 .....	10,842,121
27 August 2015 .....	2,431,820

- (b) In September 2014, Keppel REIT completed a placement of 195,000,000 Units at an issue price of S\$1.17, raising gross proceeds of approximately S\$228.2 million.

- (c) In December 2014, Keppel REIT completed an issuance of 152,213,000 Units at an issue price of S\$1.2154 as partial consideration for the acquisition of MBFC Tower 3.

12. As at the Latest Practicable Date, there were 3,200,485,247 Units issued.

## **BORROWINGS**

13. The borrowings of Keppel REIT as at 30 September 2015 are as disclosed in Appendix IV to this Information Memorandum.

## **WORKING CAPITAL**

14. After taking into account its internal resources and available loan facilities, the working capital available to Keppel REIT as at the date of this Information Memorandum is sufficient for its present requirements.

## **CHANGES IN ACCOUNTING POLICIES**

15. There has been no significant change in the accounting policies of Keppel REIT since its audited financial accounts for the financial year ended 31 December 2014.

## **LITIGATION**

16. There are no final and conclusive judgements against or affecting the Keppel REIT SPV, the Guarantor, Keppel REIT or any of the Subsidiaries the outcome which, in the opinion of the Directors, may have or have had during the 12 months prior to the date of this Information Memorandum a material adverse effect on the financial position of the Relevant Issuer, the Guarantor, Keppel REIT or the Group taken as a whole.

## **REGULATION**

17. Keppel REIT is principally regulated by the SFA and the CIS Code (including the Property Funds Appendix). The SFA can be currently viewed on the website of the Attorney-General's Chambers at <http://statutes.agc.gov.sg> and the CIS Code can be currently viewed on the website of the MAS at <http://www.mas.gov.sg>.

Keppel REIT is also subject to the Take-over Code as the Securities Industry Council has on 8 June 2007 decided to extend the ambit of the Take-over Code to real estate investment trusts. The Take-over Code can also be currently viewed on the website of the MAS at <http://www.mas.gov.sg>.

## **MATERIAL ADVERSE CHANGE**

18. There has been no material adverse change in the financial condition, business, results of operations, assets or properties of the Relevant Issuer, the Guarantor, Keppel REIT or the Group since 31 December 2014.

## **CONSENTS**

19. The Auditors of Keppel REIT have given and have not withdrawn their written consent to the issue of this Information Memorandum with the references herein to their names and reports in the form and context in which they appear in this Information Memorandum.

## **DOCUMENTS AVAILABLE FOR INSPECTION**

20. Copies of the following documents may be inspected by investors at the registered office of the Keppel REIT Manager at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 during normal business hours for a period of six months from the date of this Information Memorandum:
- (a) the Memorandum and Articles of Association of the Keppel REIT SPV;
  - (b) the Trust Deed;
  - (c) the Keppel REIT Trust Deed;
  - (d) the letter of consent referred to in paragraph 19 above;
  - (e) the audited accounts of Keppel REIT for the financial year ended 31 December 2013;
  - (f) the audited accounts of Keppel REIT for the financial year ended 31 December 2014;  
and
  - (g) the unaudited financial results announcement of Keppel REIT for the third quarter and nine months ended 30 September 2015.

## **FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE**

21. The functions, rights and obligations of the Trustee are set out in the Trust Deed.



**AUDITED FINANCIAL STATEMENTS OF KEPPEL REIT FOR THE  
FINANCIAL YEAR ENDED 31 DECEMBER 2013**

The information in this Appendix II has been reproduced from the annual report of Keppel REIT for the financial year ended 31 December 2013 and has not been specifically prepared for inclusion in this Information Memorandum.

**KEPPEL REIT  
& Its Subsidiaries**

Financial Statements  
For the financial year ended 31 December 2013



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

## FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

### CONTENTS

	Page
Report of the Trustee	1
Statement by the Manager	2
Independent Auditor's Report	3
Balance Sheets	4
Statement of Total Return	5
Distribution Statement	6
Portfolio Statement	7 – 9
Statements of Movements in Unitholders' Funds	10 – 12
Statement of Cash Flows	13 – 14
Notes to the Financial Statements	15 – 66

**KEPPEL REIT & ITS SUBSIDIARIES**  
**REPORT OF THE TRUSTEE**  
For the financial year ended 31 December 2013

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RBC Investor Services Trust Singapore Limited (the "Trustee") is under a duty to take into custody and hold the assets of Keppel REIT (the "Trust") and its subsidiaries (the "Group") in trust for the holders ("Unitholders") of units in Keppel REIT. In accordance with, inter alia, the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes and the Listing Manual (collectively referred to as the "laws and regulations"), the Trustee shall monitor the activities of Keppel REIT Management Limited (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 28 November 2005 (as amended) (the "Trust Deed") between the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report which shall contain the matters prescribed by the laws and regulations as well as recommendations of Statement of Recommended Accounting Practice 7 (Revised 2012) "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants (formerly known as the Institute of Certified Public Accountants of Singapore) and the provisions of the Trust Deed.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed Keppel REIT and its subsidiaries, during the period covered by these financial statements, set out on pages 4 to 66 comprising the Balance Sheets, Statement of Total Return, Distribution Statement, Portfolio Statement, Statements of Movements in Unitholders' Funds, Statement of Cash Flows and Notes to the Financial Statements, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed, laws and regulations and otherwise in accordance with the provisions of the Trust Deed.

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



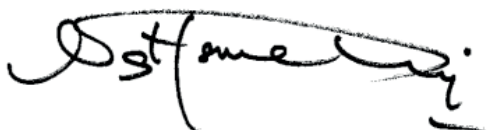
**Diana Senanayake**  
Managing Director  
Singapore, 18 February 2014

**KEPPEL REIT & ITS SUBSIDIARIES**  
**STATEMENT BY THE MANAGER**  
For the financial year ended 31 December 2013

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In the opinion of the directors of Keppel REIT Management Limited (the "Manager"), the accompanying financial statements set out on pages 4 to 66 comprising the Balance Sheets, Statement of Total Return, Distribution Statement, Portfolio Statement, Statements of Movements in Unitholders' Funds, Statement of Cash Flows and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial positions of the Group and the Trust as at 31 December 2013, the total return, distributable income, movements in Unitholders' funds and cash flows of the Group and the movements in Unitholders' funds of the Trust for the year ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 (Revised 2012) "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants (formerly known as the Institute of Certified Public Accountants of Singapore) and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust would be able to meet their financial obligations as and when they materialise.

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



**Ng Hsueh Ling**  
Chief Executive Officer and Executive Director

Singapore, 18 February 2014

**KEPPEL REIT & ITS SUBSIDIARIES**  
**INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF KEPPEL REIT**  
**For the financial year ended 31 December 2013**

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**To the Unitholders of Keppel REIT**

We have audited the financial statements of Keppel REIT (the "Trust") and its subsidiaries (collectively, the "Group"), which comprise the Balance Sheets of the Group and the Trust and Portfolio Statement of the Group as at 31 December 2013, the Statements of Movements in Unitholders' Funds of the Group and the Trust, and the Statement of Total Return, Distribution Statement and Statement of Cash Flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 4 to 66.

*Manager's Responsibility for the Financial Statements*

The Manager of the Trust is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 (Revised 2012) "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants (formerly known as the Institute of Certified Public Accountants of Singapore), and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the financial statements.

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

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial positions of the Group and the Trust as at 31 December 2013 and the total return, distributable income, movements in Unitholders' funds and cash flows of the Group, and the movements in Unitholders' funds of the Trust for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 (Revised 2012) "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants (formerly known as the Institute of Certified Public Accountants of Singapore).



**ERNST & YOUNG LLP**  
Public Accountants and  
Chartered Accountants  
Singapore

18 February 2014

**KEPPEL REIT & ITS SUBSIDIARIES**  
**BALANCE SHEETS**  
**As at 31 December 2013**

	Note	Group		Trust	
		31.12.2013 \$'000	31.12.2012 \$'000	31.12.2013 \$'000	31.12.2012 \$'000
<b>Non-current assets</b>					
Investment properties	3	4,015,094	3,614,744	994,760	942,034
Investment in subsidiaries	4	–	–	1,837,852	1,839,552
Investment in associates	5	1,662,963	1,548,828	1,372,945	1,371,923
Investment in joint ventures	6	137,271	45,560	–	–
Advances to joint ventures	8	178,039	94,519	–	–
Advances to associates	8	606,222	606,222	606,222	606,222
Amount owing by subsidiaries	7	–	–	798,648	496,862
Fixed assets		23	38	–	–
Intangible asset	9	47,356	92,371	1,094	5,241
Derivative financial instruments	13	2,738	–	–	–
		<u>6,649,706</u>	<u>6,002,282</u>	<u>5,611,521</u>	<u>5,261,834</u>
<b>Current assets</b>					
Trade and other receivables	10	33,865	28,669	40,128	43,631
Prepaid expenses		1,010	1,130	22	637
Cash and bank balances	11	90,611	101,930	61,782	59,091
Derivative financial instruments	13	347	5,461	347	5,461
		<u>125,833</u>	<u>137,190</u>	<u>102,279</u>	<u>108,820</u>
<b>Total assets</b>		<u><b>6,775,539</b></u>	<u><b>6,139,472</b></u>	<u><b>5,713,800</b></u>	<u><b>5,370,654</b></u>
<b>Current liabilities</b>					
Trade and other payables	12	94,258	139,605	43,095	45,176
Income received in advance	14	1,621	2,415	239	249
Short term borrowings (unsecured)	15	281,953	154,964	281,953	99,964
Current portion of security deposits		3,927	3,544	852	3,544
Derivative financial instruments	13	6,559	760	6,559	760
Provision for taxation		10,858	14,577	10,998	13,614
		<u>399,176</u>	<u>315,865</u>	<u>343,696</u>	<u>163,307</u>
<b>Non-current liabilities</b>					
Income received in advance	14	19,585	30,551	17,907	27,860
Long term borrowings (secured)	15	882,642	848,186	423,920	423,368
Long term borrowings (unsecured)	15	1,518,263	1,419,537	1,520,722	1,474,960
Derivative financial instruments	13	21,966	29,978	20,332	29,829
Non-current portion of security deposits		30,183	29,387	9,281	7,137
Deferred tax liabilities	16	4,753	–	–	–
		<u>2,477,392</u>	<u>2,357,639</u>	<u>1,992,162</u>	<u>1,963,154</u>
<b>Total liabilities</b>		<u><b>2,876,568</b></u>	<u><b>2,673,504</b></u>	<u><b>2,335,858</b></u>	<u><b>2,126,461</b></u>
<b>Net assets</b>		<u><b>3,898,971</b></u>	<u><b>3,465,968</b></u>	<u><b>3,377,942</b></u>	<u><b>3,244,193</b></u>
Represented by:					
Unitholders' funds		3,896,993	3,464,157	3,377,942	3,244,193
Non-controlling interest		1,978	1,811	–	–
		<u><b>3,898,971</b></u>	<u><b>3,465,968</b></u>	<u><b>3,377,942</b></u>	<u><b>3,244,193</b></u>
<b>Units in issue ('000)</b>	17	<b>2,787,682</b>	<b>2,631,180</b>	<b>2,787,682</b>	<b>2,631,180</b>
<b>Net asset value per Unit (\$)</b>		<b>1.40</b>	<b>1.32</b>	<b>1.21</b>	<b>1.23</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**KEPPEL REIT & ITS SUBSIDIARIES**  
**STATEMENT OF TOTAL RETURN**  
For the financial year ended 31 December 2013

		<u>Group</u>	
	Note	2013 \$'000	2012 \$'000
Property income	18	174,043	156,870
Property expenses	19	(35,749)	(32,210)
<b>Net property income</b>		<b>138,294</b>	<b>124,660</b>
Rental support	20	72,873	86,510
Share of results of associates	5	62,134	46,844
Share of results of joint ventures	6	2,103	(28)
Interest income		36,953	29,157
Amortisation expenses	9	(44,860)	(64,963)
Trust expenses	21	(49,758)	(44,312)
Borrowing costs	22	(55,178)	(46,791)
<b>Net income before net change in fair value of investment properties</b>		<b>162,561</b>	<b>131,077</b>
Net change in fair value of investment properties	23	389,141	216,801
<b>Total return before tax</b>		<b>551,702</b>	<b>347,878</b>
Income tax expense	24	(16,774)	(14,881)
<b>Total return for the year</b>		<b>534,928</b>	<b>332,997</b>
Attributable to:			
Unitholders		534,681	329,679
Non-controlling interest		247	3,318
		<b>534,928</b>	<b>332,997</b>
Basic and diluted earnings per Unit (cents) based on total return for the year	25	19.70	12.73
Basic and diluted earnings per Unit (cents) based on total return for the year and excluding net change in fair value of investment properties	25	5.37	4.36

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



**KEPPEL REIT & ITS SUBSIDIARIES**  
**DISTRIBUTION STATEMENT**  
For the financial year ended 31 December 2013

	<u>Group</u>	
	2013	2012
	\$'000	\$'000
<b>Income available for distribution to Unitholders at beginning of the year</b>	52,066	62,337
Net income before net change in fair value of investment properties	162,561	131,077
Net income attributable to non-controlling interest	(66)	(3,236)
Net tax adjustments (Note A)	68,322	88,939
Income tax expense	(16,774)	(14,881)
	<u>214,043</u>	<u>201,899</u>
Income available for distribution to Unitholders	266,109	264,236
Distributions to Unitholders:		
Distribution of 2.45 cents per Unit for the period from 1/7/2011 to 31/12/2011	–	(62,416)
Distribution of 3.84 cents per Unit for the period from 1/1/2012 to 30/6/2012	–	(98,295)
Distribution of 1.96 cents per Unit for the period from 1/7/2012 to 30/9/2012	–	(51,459)
Distribution of 1.97 cents per Unit for the period from 1/10/2012 to 31/12/2012	(52,145)	–
Distribution of 1.97 cents per Unit for the period from 1/1/2013 to 31/3/2013	(52,187)	–
Distribution of 1.97 cents per Unit for the period from 1/4/2013 to 30/6/2013	(52,828)	–
Distribution of 1.97 cents per Unit for the period from 1/7/2013 to 30/9/2013	(54,108)	–
Total Unitholders' distribution (including capital return) (Note B)	<u>(211,268)</u>	<u>(212,170)</u>
<b>Income available for distribution to Unitholders at end of the year</b>	<b><u>54,841</u></b>	<b><u>52,066</u></b>
<b>Note A - Net tax adjustments comprise:</b>		
Non-tax deductible/(chargeable) items:		
- Manager's management fees paid and payable in Units	28,657	26,490
- Trustee's fees	1,018	939
- Amortisation of intangible asset and capitalised transaction costs	47,286	66,221
- Share of results of associates	(62,134)	(46,844)
- Share of results of joint ventures	(2,103)	28
- Effect of recognising rental income on a straight-line basis over the lease terms	(1,687)	(2,249)
- Interest income to be received	(4,601)	(2,070)
- Other non-tax chargeable items	(3,563)	(5,604)
	<u>2,873</u>	<u>36,911</u>
Dividend and distribution income from associates	64,593	52,028
Distribution from a joint venture	856	–
<b>Net tax adjustments</b>	<b><u>68,322</u></b>	<b><u>88,939</u></b>
<b>Note B – Total Unitholders' distribution</b>		
- Taxable income	(90,477)	(80,373)
- Tax exempt income	(74,850)	(126,155)
- Capital return	(45,941)	(5,642)
	<u>(211,268)</u>	<u>(212,170)</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



**KEPPEL REIT & ITS SUBSIDIARIES**  
**PORTFOLIO STATEMENT**  
**As at 31 December 2013**

The carrying amounts of the Group's assets under management as at 31 December 2013 and 31 December 2012 were based on independent valuations undertaken by various independent valuers. The independent valuers have appropriate professional qualifications and experience in the location and category of the properties being valued. The below valuations were determined based on investment method, discounted cash flow analysis and direct comparison method, and assessed in accordance with the Group's respective interests in the properties and include rental support top-up payments, where applicable.

FY2013

<u>Property</u>	<u>Independent valuer</u>	<u>Date of valuation</u>	<u>Valuation</u> \$'000
Prudential Tower	Cushman & Wakefield VHS Pte Ltd	31 December 2013	490,000 <sup>1</sup>
Bugis Junction Towers	Savills Valuation and Professional Services (S) Pte Ltd	31 December 2013	504,760
Ocean Financial Centre	Colliers International Consultancy & Valuation (Singapore) Pte Ltd	31 December 2013	2,515,000 <sup>2</sup>
275 George Street	CBRE Valuations Pty Limited	31 December 2013	219,648
77 King Street office tower	CBRE Valuations Pty Limited	31 December 2013	143,000
One Raffles Quay	Colliers International Consultancy & Valuation (Singapore) Pte Ltd	31 December 2013	1,200,000
Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall	Colliers International Consultancy & Valuation (Singapore) Pte Ltd	31 December 2013	1,609,000
8 Chifley Square	CBRE Valuations Pty Limited	31 December 2013	197,340
8 Exhibition Street	m3 Property Pty Ltd	31 December 2013	193,622
Old Treasury Building	m3 Property Pty Ltd	31 December 2013	128,128
Deposited properties			<u>7,200,498</u>

**KEPPEL REIT & ITS SUBSIDIARIES**  
**PORTFOLIO STATEMENT**  
**As at 31 December 2013**

FY2012

<u>Property</u>	<u>Independent valuer</u>	<u>Date of valuation</u>	<u>Valuation</u> \$'000
Prudential Tower	Savills Valuation and Professional Services (S) Pte Ltd	31 December 2012	489,650 <sup>1</sup>
Bugis Junction Towers	Cushman & Wakefield VHS Pte Ltd	31 December 2012	455,000
Ocean Financial Centre	Savills Valuation and Professional Services (S) Pte Ltd	28 December 2012	2,377,000 <sup>2</sup>
275 George Street	Savills Valuations Pty Ltd	31 December 2012	236,406
77 King Street office tower	CBRE Valuations Pty Limited	31 December 2012	152,520
One Raffles Quay	Colliers International Consultancy & Valuation (Singapore) Pte Ltd	31 December 2012	1,137,300
Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall	Colliers International Consultancy & Valuation (Singapore) Pte Ltd	31 December 2012	1,528,000
8 Chifley Square	m3 Property Pty Ltd	31 December 2012	145,530
Deposited properties			<u>6,521,406</u>

<sup>1</sup> The carrying value of Prudential Tower includes \$Nil (2012: \$2,616,000) rental support top-up payment.

<sup>2</sup> The carrying value based on 100.0% interest in Ocean Financial Centre, excluding rental support top-up payment, is \$2,464,064,000 (2012: \$2,283,784,000).

The investment properties comprised commercial properties that are mainly leased to third party tenants. Generally, these leases contain an initial non-cancellable period of between 2 and 25 years. Subsequent renewals are negotiated with individual lessee.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**KEPPEL REIT & ITS SUBSIDIARIES**  
**STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS**  
For the financial year ended 31 December 2013

	Attributable to Unitholders							Total \$'000
	Units in issue \$'000	Foreign currency translation reserve \$'000	Hedging reserve \$'000	Accumulated profits \$'000	Discount on acquisition of non-controlling interest \$'000	Unitholders' funds \$'000	Non- controlling interest \$'000	
<b>Group</b>								
<b>At 1 January 2013</b>	2,771,684	(4,138)	(28,599)	722,957	2,253	3,464,157	1,811	3,465,968
<b>Operations</b>								
Total return for the year	-	-	-	534,681	-	534,681	247	534,928
Net increase in assets resulting from operations	-	-	-	534,681	-	534,681	247	534,928
<b>Unitholders' transactions</b>								
Creation of Units								
- payment of management fees in Units	27,838	-	-	-	-	27,838	-	27,838
- placement of Units	172,900	-	-	-	-	172,900	-	172,900
Issue expenses	(2,190)	-	-	-	-	(2,190)	-	(2,190)
Distributions to Unitholders	(45,941)	-	-	(165,327)	-	(211,268)	-	(211,268)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	152,607	-	-	(165,327)	-	(12,720)	-	(12,720)
Acquisition expenses adjustments	-	-	-	-	969	969	-	969
Net movement in foreign currency translation reserve	-	(90,690)	-	-	-	(90,690)	-	(90,690)
Net change in fair value of cash flow hedges	-	-	(163)	-	-	(163)	2	(161)
Share of net change in fair value of cash flow hedges of an associate	-	-	759	-	-	759	-	759
Distribution of partnership profits to non-controlling interest	-	-	-	-	-	-	(82)	(82)
<b>At 31 December 2013</b>	<b>2,924,291</b>	<b>(94,828)</b>	<b>(28,003)</b>	<b>1,092,311</b>	<b>3,222</b>	<b>3,896,993</b>	<b>1,978</b>	<b>3,898,971</b>

**KEPPEL REIT & ITS SUBSIDIARIES**  
**STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS**  
For the financial year ended 31 December 2013

	Attributable to Unitholders							Total \$'000
	Units in issue \$'000	Foreign currency translation reserve \$'000	Hedging reserve \$'000	Accumulated profits \$'000	Discount on acquisition of non-controlling interest \$'000	Unitholders' funds \$'000	Non- controlling interest \$'000	
<b>Group</b>								
<b>At 1 January 2012</b>	2,682,996	11,356	(14,745)	599,806	-	3,279,413	212,833	3,492,246
<b>Operations</b>								
Total return for the year	-	-	-	329,679	-	329,679	3,318	332,997
Net increase in assets resulting from operations	-	-	-	329,679	-	329,679	3,318	332,997
<b>Unitholders' transactions</b>								
Creation of Units								
- payment of management fees in Units	23,486	-	-	-	-	23,486	-	23,486
- placement of Units	70,200	-	-	-	-	70,200	-	70,200
Issue expenses adjustment	644	-	-	-	-	644	-	644
Distributions to Unitholders	(5,642)	-	-	(206,528)	-	(212,170)	-	(212,170)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	88,688	-	-	(206,528)	-	(117,840)	-	(117,840)
Acquisition of non-controlling interest (Note 4)	-	-	-	-	2,253	2,253	(211,172)	(208,919)
Net movement in foreign currency translation reserve	-	(15,494)	-	-	-	(15,494)	-	(15,494)
Net change in fair value of cash flow hedges	-	-	(12,135)	-	-	(12,135)	-	(12,135)
Share of net change in fair value of cash flow hedges of an associate	-	-	(1,719)	-	-	(1,719)	-	(1,719)
Distribution of partnership profits to non-controlling interest	-	-	-	-	-	-	(3,168)	(3,168)
<b>At 31 December 2012</b>	<b>2,771,684</b>	<b>(4,138)</b>	<b>(28,599)</b>	<b>722,957</b>	<b>2,253</b>	<b>3,464,157</b>	<b>1,811</b>	<b>3,465,968</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**KEPPEL REIT & ITS SUBSIDIARIES**  
**STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS**  
For the financial year ended 31 December 2013

	Trust			Total \$'000
	Units in issue \$'000	Hedging reserve \$'000	Accumulated profits \$'000	
<b>At 1 January 2013</b>	<b>2,771,684</b>	<b>(25,128)</b>	<b>497,637</b>	<b>3,244,193</b>
<b>Operations</b>				
Total return for the year	–	–	147,574	147,574
Net increase in assets resulting from operations	–	–	147,574	147,574
<b>Unitholders' transactions</b>				
Creation of Units				
- payment of management fees in Units	27,838	–	–	27,838
- placement of Units	172,900	–	–	172,900
Issue expenses	(2,190)	–	–	(2,190)
Distributions to Unitholders	(45,941)	–	(165,327)	(211,268)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	152,607	–	(165,327)	(12,720)
Net change in fair value of cash flow hedges	–	(1,105)	–	(1,105)
<b>At 31 December 2013</b>	<b>2,924,291</b>	<b>(26,233)</b>	<b>479,884</b>	<b>3,377,942</b>
<b>At 1 January 2012</b>	<b>2,682,996</b>	<b>(13,142)</b>	<b>487,105</b>	<b>3,156,959</b>
<b>Operations</b>				
Total return for the year	–	–	217,060	217,060
Net increase in assets resulting from operations	–	–	217,060	217,060
<b>Unitholders' transactions</b>				
Creation of Units				
- payment of management fees in Units	23,486	–	–	23,486
- placement of Units	70,200	–	–	70,200
Issue expenses adjustment	644	–	–	644
Distributions to Unitholders	(5,642)	–	(206,528)	(212,170)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	88,688	–	(206,528)	(117,840)
Net change in fair value of cash flow hedges	–	(11,986)	–	(11,986)
<b>At 31 December 2012</b>	<b>2,771,684</b>	<b>(25,128)</b>	<b>497,637</b>	<b>3,244,193</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**KEPPEL REIT & ITS SUBSIDIARIES**  
**STATEMENT OF CASH FLOWS**  
For the financial year ended 31 December 2013

	<u>Group</u>	
	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Operating activities</b>		
Total return before tax	551,702	347,878
Adjustments for:		
Interest income	(36,953)	(29,157)
Amortisation expenses	44,860	64,963
Share of results of associates	(62,134)	(46,844)
Share of results of joint ventures	(2,103)	28
Borrowing costs	55,178	46,791
Management fees paid and payable in Units	28,657	26,490
Net change in fair value of investment properties	(389,141)	(216,801)
Depreciation	15	15
Rental support income	(72,873)	(86,510)
Translation differences	3,728	(924)
<b>Operating cash flows before changes in working capital</b>	<u>120,936</u>	<u>105,929</u>
(Increase)/Decrease in receivables	(5,544)	3,626
Decrease in payables	(40,898)	(24,171)
Increase in security deposits	1,179	4,998
Cash flows from operations	<u>75,673</u>	<u>90,382</u>
Income taxes paid	(15,418)	(6,097)
<b>Net cash flows generated from operating activities</b>	<u>60,255</u>	<u>84,285</u>
<b>Investing activities</b>		
Purchase of investment property	(187,184)	-
Subsequent expenditure on investment properties	(17,805)	(4,715)
Interest received	34,422	28,011
Rental support received	72,644	83,288
Dividend and distribution income received from associates	64,593	52,028
Distribution received from a joint venture	856	-
Investment in joint ventures	(70,762)	(19,836)
Advances to joint ventures	(118,717)	(59,607)
Investment in associates	(1,735)	-
<b>Net cash flows (used in)/generated from investing activities</b>	<u>(223,688)</u>	<u>79,169</u>
<b>Financing activities</b>		
Loans drawdown	968,834	789,050
Repayment of loans	(707,883)	(528,780)
Proceeds from placement	172,900	-
Payment of upfront debt arrangement costs	(3,206)	(4,800)
Acquisition of non-controlling interest (Note A)	-	(157,207)
Distribution of partnership profits to non-controlling interest	(76)	(3,405)
Distributions to Unitholders	(211,268)	(212,170)
Interest paid	(52,603)	(46,259)
Issue expenses	(2,190)	-
<b>Net cash flows generated from/(used in) financing activities</b>	<u>164,508</u>	<u>(163,571)</u>



**KEPPEL REIT & ITS SUBSIDIARIES**  
**STATEMENT OF CASH FLOWS**  
For the financial year ended 31 December 2013

	<u>Group</u>	
	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,075</b>	<b>(117)</b>
Cash and cash equivalents at beginning of the year	71,766	72,419
Effect of exchange rate changes on cash and cash equivalents	<u>(1,701)</u>	<u>(536)</u>
<b>Cash and cash equivalents at end of the year (Note 11)</b>	<b><u>71,140</u></b>	<b><u>71,766</u></b>
<b>Cash and bank balances</b>	<b>90,611</b>	<b>101,930</b>
Less: Rental support received in advance held in escrow accounts (Note B)	<u>(19,471)</u>	<u>(30,164)</u>
<b>Cash and cash equivalents per Statement of Cash Flows</b>	<b><u>71,140</u></b>	<b><u>71,766</u></b>

Note A – Net cash outflow on acquisition of non-controlling interest

	<b>2012</b>
	<b>\$'000</b>
Consideration paid for additional interest in Ocean Properties LLP (Note 4)	228,390
Less:	
Consideration paid in units	(70,200)
Accrued acquisition costs	<u>(983)</u>
Net cash outflow on acquisition of non-controlling interest	<u><u>157,207</u></u>

Note B – Rental support received in advance held in escrow accounts

This relates to the rental support top-up payments received in advance by the Group held in escrow accounts for the additional 29.00% and 19.40% interests in Prudential Tower, the 12.39% interest in Ocean Properties LLP (“OPLLP”) and the office tower at 77 King Street.

Note C - Significant non-cash transactions

The following were the significant non-cash transactions:

- (i) 21,501,637 (2012: 23,605,269) Units were issued as payment of management fees to the Manager, amounting to \$27,838,000 (2012: \$23,486,000); and
- (ii) 60,000,000 Units were issued during the financial year ended 31 December 2012 as partial satisfaction of the purchase consideration for the acquisition of the additional 12.39% interest in OPLLP (Note 4), amounting to \$70,200,000.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the financial year ended 31 December 2013**

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**These notes form an integral part of the financial statements.**

The financial statements of Keppel REIT (the "Trust") and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2013 were authorised for issue by the Manager on 18 February 2014.

**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 20 Cecil Street #28-01, Equity Plaza, Singapore 049705.

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 are set out in Note 4.

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

*(a) Property management fees*

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

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

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

The property management fees are payable monthly in arrears.

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the financial year ended 31 December 2013**

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**1. General (cont'd)**

*(b) Manager's management fees*

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

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

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

The Manager's management fees are payable quarterly in arrears.

The Manager is also entitled to receive an acquisition fee at the rate of 1% of acquisition price and a divestment fee of 0.5% of sale price on all acquisitions or disposals of properties.

*(c) Trustee's fees*

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

**2. Summary of significant accounting policies**

*(a) Basis of preparation*

On 1 January 2013, the Group adopted the revised Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants (formerly known as the Institute of Certified Public Accountants of Singapore). The adoption of the revised RAP 7 has no significant impact on the financial statements. The financial statements have also been prepared in accordance with the applicable requirements of the Code on Collective Investment Schemes ("CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed. RAP 7 requires the accounting policies to generally comply with the principles relating to recognition and measurement under the Singapore Financial Reporting Standards ("FRS").

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

**2. Summary of significant accounting policies (cont'd)**

*(b) Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards that are effective for annual periods beginning on 1 January 2013. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Trust, and only affects disclosures.

*FRS 113 Fair Value Measurement*

FRS 113 provides a single source of guidance under FRS for all fair value measurements. FRS 113 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS when fair value is required or permitted by FRS.

From 1 January 2013, in accordance with the transitional provisions of FRS 113, the Group has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's and the Trust's assets and liabilities. The additional disclosures necessary as a result of the adoption of this standard has been included in Note 29.

*(c) Standards issued but not yet effective*

The Group has not adopted the following standards that have been issued but not yet effective:

<u>Reference</u>	<u>Description</u>	<u>Effective date (Annual periods beginning on or after)</u>
Revised FRS 27	Separate Financial Statements	1 January 2014
Revised FRS 28	Investments in Associates and Joint Ventures	1 January 2014
Amendments to FRS 32	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 36	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
FRS 110	Consolidated Financial Statements	1 January 2014
FRS 111	Joint Arrangements	1 January 2014
FRS 112	Disclosure of Interests in Other Entities	1 January 2014

The Manager expects that the adoption of the above standards will have no material impact on the financial statements in the period of initial application.

**2. Summary of significant accounting policies (cont'd)**

*(d) Basis of consolidation and business combinations*

(i) Basis of consolidation

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

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

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

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

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises 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 profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(ii) Business combinations

The Group determines whether a transaction or an event is a business combination, in which case the assets acquired and liabilities assumed are required to constitute a business. If the assets acquired are not a business, the Group accounts for the transaction or event as an asset acquisition. Such a transaction or event does not give rise to goodwill.

Business combinations from 1 January 2010

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

**2. Summary of significant accounting policies (cont'd)**

(d) *Basis of consolidation and business combinations (cont'd)*

(ii) Business combinations (cont'd)

Business combinations from 1 January 2010 (cont'd)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in the Statement of Total Return or as a change to Unitholders' funds. If the contingent consideration is classified as equity, it will not be remeasured until it is finally settled within equity.

Where business combinations are achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in the Statement of Total Return.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as a gain in the Statement of Total Return on the acquisition date.

Business combinations prior to 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest did not affect previously recognised goodwill.

**2. Summary of significant accounting policies (cont'd)**

(d) *Basis of consolidation and business combinations (cont'd)*

(ii) Business combinations (cont'd)

Business combinations prior to 1 January 2010 (cont'd)

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

(e) *Transactions with non-controlling interest*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to Unitholders of the Trust, and are presented separately in the Statement of Total Return and within equity in the consolidated Balance Sheet, separately from equity attributable to the Unitholders of the Trust.

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

(f) *Functional and foreign currency*

(i) Functional currency

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

(ii) Foreign currency transactions

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

**2. Summary of significant accounting policies (cont'd)**

*(f) Functional and foreign currency (cont'd)*

(ii) Foreign currency transactions (cont'd)

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

(iii) Consolidated financial statements

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

*(g) Investment properties*

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

Investment properties are initially recorded at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

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

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



**2. Summary of significant accounting policies (cont'd)**

*(h) Fixed assets*

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

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

Computer	3 years
Machinery and equipment	3 – 7 years

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

*(i) Subsidiaries*

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

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

*(j) Associates*

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investment in associates is accounted for using the equity method. Under the equity method, the investment in associates is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment.

The profit or loss reflects the share of the results of operations of the associates. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in Unitholders' funds. Unrealised gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

**2. Summary of significant accounting policies (cont'd)**

*(j) Associates (cont'd)*

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the Statement of Total Return.

The financial statements of the associates are prepared as of the same reporting date as the Trust. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

*(k) Joint ventures*

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group recognises its interest in joint ventures using the equity method from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint ventures.

The financial statements of the joint ventures are prepared as of the same reporting date as the Trust. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

*(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 assets are measured at cost less any accumulated amortisation and any impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expenses on intangible assets with finite useful lives are recognised in the Statement of Total Return in the expense category consistent with the function of the intangible asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Total Return when the asset is derecognised.

**2. Summary of significant accounting policies (cont'd)**

*(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. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Total Return.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the Statement of Total Return.

*(n) Financial instruments*

Financial assets

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value. The Group determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

The subsequent measurement of financial assets depends on their classification as follows:

*(i) Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in the hedge relationships as defined in FRS 39.

**2. Summary of significant accounting policies (cont'd)**

(n) *Financial instruments (cont'd)*

Financial assets (cont'd)

(i) Financial assets at fair value through profit or loss (cont'd)

The Group has not designated any financial assets upon initial recognition at fair value through profit or loss.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in the Statement of Total Return.

(ii) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the Statement of Total Return when the loans and receivables are de-recognised or impaired, and through the amortisation process.

(iii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the Statement of Total Return when the held-to-maturity investments are de-recognised or impaired, and through the amortisation process.

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in Unitholders' funds is recognised in the Statement of Total Return.

All regular way purchases and sales of financial assets are recognised or de-recognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

Financial liabilities

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value. In the case of financial liabilities not measured at fair value through profit or loss, directly attributable transaction costs are included.

**2. Summary of significant accounting policies (cont'd)**

(n) *Financial instruments (cont'd)*

Financial liabilities (cont'd)

The measurement of financial liabilities depends on their classification as follows:

(i) Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss includes financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in the Statement of Total Return.

(ii) Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the Statement of Total Return when the liabilities are de-recognised, and through the amortisation process.

A financial liability is de-recognised 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 de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Total Return.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

**2. Summary of significant accounting policies (cont'd)**

*(o) Impairment of financial assets*

The Group assesses at each reporting period whether there is any objective evidence that a financial asset is impaired.

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the Statement of Total Return.

When the cash flow becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amount charged to the allowance account is written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the Statement of Total Return.

*(p) Cash and cash equivalents*

Cash and cash equivalents comprise cash at banks and on hand, and demand deposits, and excludes amounts which are restricted for use.

*(q) Unit capital and issuance expenses*

Proceeds from issuance of Units are recognised as units in issue in Unitholders' funds. Incidental costs directly attributable to the issuance of Units are deducted against Unitholders' funds.

**2. Summary of significant accounting policies (cont'd)**

(r) *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(s) *Leases – as lessor*

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. The accounting policy for rental income is set out in Note 2(t)(i). Contingent rents are recognised as revenue in the period in which they are earned.

(t) *Revenue recognition*

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. The Group has concluded that it is acting as a principal in all its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(i) *Rental income*

Rental income arising from investment properties is accounted for on a straight-line basis over the lease terms. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

(ii) *Interest income*

Interest income is recognised using the effective interest method.

(iii) *Rental support, dividend income and distribution income*

Rental support, dividend income and distribution income are recognised when the Group's right to receive payment is established.

**2. Summary of significant accounting policies (cont'd)**

*(u) Expenses*

(i) Trust expenses

Trust expenses are recognised on accrual basis.

(ii) Property expenses

Property expenses are recognised on accrual basis. Included in property expenses is property management fees which is based on the applicable formula stipulated in Note 1(a).

(iii) Manager's management fees

Manager's management fees are recognised on an accrual basis based on the applicable formula stipulated in Note 1(b).

(iv) Borrowing costs

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds, and are recognised in the period they occur.

*(v) Taxation*

(i) Current income tax

Current income tax is the expected tax payable on the taxable income for the year, using tax rates and tax laws enacted or substantively enacted at the reporting date.

(ii) Deferred tax

Deferred tax is provided, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which those assets and liabilities are expected to be realised or settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.



**2. Summary of significant accounting policies (cont'd)**

(v) *Taxation (cont'd)*

(iii) Tax transparency

The Inland Revenue Authority of Singapore ("IRAS") has issued a tax ruling on the income tax treatment of the Trust. Subject to meeting the terms and conditions of the tax ruling which includes a distribution of at least 90% of the taxable income of the Trust, the Group will not be assessed for tax on the portion of its taxable income that is distributed to Unitholders. Any portion of the Group's taxable income that is not distributed to Unitholders will be taxed at the prevailing corporate tax rate.

In the event that there are subsequent adjustments to the taxable income when the actual taxable income of the Group is finally agreed with the IRAS, such adjustments are taken up as an adjustment to the amount distributed for the next distribution following the agreement with the IRAS.

The distributions made by the Trust out of its taxable income are subject to tax in the hands of Unitholders, unless they are exempt from tax on the Trust's distributions (the "tax transparency ruling"). The Trust is required to withhold tax at the prevailing corporate tax rate on the distributions made by the Trust except:

- a) where the beneficial owners are individuals or Qualifying Unitholders, the Trust will make the distributions to such Unitholders without withholding any income tax; and
- b) where the beneficial owners are foreign non-individual investors or where the Units are held by nominee Unitholders who can demonstrate that the Units are held for beneficial owners who are foreign non-individual investors, the Trust will withhold tax at a reduced rate of 10% from the distributions.

A Qualifying Unitholder is a Unitholder who is:

- a) A tax resident Singapore-incorporated company;
- b) A non-corporate Singapore constituted or registered entity (e.g. registered charities, town councils, statutory boards, registered co-operative societies and registered trade unions);
- c) A Singapore branch of a foreign company which has presented a letter of approval from the IRAS granting a specific waiver from tax deducted at source in respect of distributions from the Trust;
- d) An agent bank or a Supplementary Retirement Scheme ("SRS") operator who act as nominee for individuals who have purchased Units in the Trust under the CPF Investment Scheme or the SRS respectively; or
- e) A nominee who can demonstrate that the Units are held for beneficial owners who are individuals or who fall within the classes of Unitholders listed in a. to c. above.

**2. Summary of significant accounting policies (cont'd)**

(v) *Taxation (cont'd)*

(iii) Tax transparency (cont'd)

The above tax transparency ruling does not apply to gains from sale of real properties. Such gains, if they are considered as trading gains, are assessable to tax on the Trust. Where the gains are capital gains, the Trust will not be assessed to tax and may distribute the capital gains to Unitholders without having to deduct tax at source.

Any distributions made by the Trust to the Unitholders out of tax-exempt income and taxed income would be exempt from Singapore income tax in the hands of all Unitholders, regardless of their corporate or residence status.

(iv) Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables on the Balance Sheets.

(w) *Portfolio reporting*

For management purposes, the Group is organised into operating segments based on individual investment property within the Group's portfolio, and prepares financial information on a property by property basis. The properties are independently managed by property managers who are responsible for the performance of the property under their charge. Discrete financial information is provided to the Board on a property by property basis. The Board regularly reviews this information in order to allocate resources to each property and to assess the property's performance.

(x) *Hedge accounting*

The Group applies hedge accounting for certain hedging transactions which qualify for hedge accounting.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

**2. Summary of significant accounting policies (cont'd)**

(x) *Hedge accounting (cont'd)*

At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in hedging reserve in Unitholders' funds, while any ineffective portion is recognised immediately in the Statement of Total Return.

Amounts recognised in hedging reserve in Unitholders' funds are transferred to the Statement of Total Return when the hedge transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in hedging reserve in Unitholders' funds is transferred to the Statement of Total Return. If the hedging instrument has expired or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in hedging reserve in Unitholders' funds remains in Unitholders' funds until the forecast transaction or firm commitment affects profit or loss.

The Group uses interest rate swaps to hedge its exposure to interest rate risk for bank loans with floating interest rates. Details of interest rate swaps are disclosed in Note 13.

The Group uses forward currency contracts to hedge foreign currency risk arising from the cash flows of its foreign investment properties in Australia and firm commitments in relation to the progressive payments for the subscription of units and convertible notes in joint ventures in Australia. Details of the forward currency contracts are disclosed in Note 13.

**2. Summary of significant accounting policies (cont'd)**

*(y) Related parties*

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and the Trust if that person:
  - (i) has control or joint control over the Trust;
  - (ii) has significant influence over the Trust; or
  - (iii) is a member of the key management personnel of the Trust's Manager or of a parent of the Trust.
- (b) An entity is related to the Group and the Trust if any of the following conditions applies:
  - (i) The entity and the Trust are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of an entity related to the Trust. If the Trust is itself such a plan, the sponsoring employers are also related to the Trust;
  - (vi) The entity is controlled or jointly controlled by a person identified in (a);
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

*(z) Significant accounting judgments and estimates*

The preparation of the financial statements in conformity with RAP 7 requires the Manager to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income, expenses and disclosures made. The estimates and associated assumptions are based on historical experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates and underlying assumptions are reviewed on an ongoing basis. Financial impact arising from revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follow:

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the financial year ended 31 December 2013

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**2. Summary of significant accounting policies (cont'd)**

(z) *Significant accounting judgments and estimates (cont'd)*

Valuation of investment properties

Investment properties are stated at fair value, with changes in fair values being recognised in the Statement of Total Return. The Group engaged independent professional valuers to determine fair value as at the financial year end.

The fair value of investment properties held by the Group and through its associates and joint ventures is determined by independent real estate valuation experts using approved valuation methodologies. In determining the fair value, the valuers have used valuation methods which involve estimates and discount rates applicable to those assets. The Manager is satisfied that the valuation methods and estimates are reflective of current market conditions. The determined fair value of the investment properties is most sensitive to the estimated yield as well as the vacancy assumptions.

**3. Investment properties**

	<u>Group</u>		<u>Trust</u>	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
At 1 January	3,614,744	3,472,069	942,034	881,870
Translation differences	(59,235)	(12,112)	–	–
Purchase of investment property	187,184	–	–	–
Capital expenditure capitalised	17,805	4,715	3,340	3,370
Net change in fair value of investment properties (Note 23)	<u>254,596</u>	<u>150,072</u>	<u>49,386</u>	<u>56,794</u>
At 31 December	<u>4,015,094</u>	<u>3,614,744</u>	<u>994,760</u>	<u>942,034</u>

Investment properties are stated at fair value based on valuations performed by independent valuers. In determining the fair value, the valuers have used direct comparison method, investment method and discounted cash flows analysis which make reference to estimated market rental values and equivalent yields. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalisation yields, terminal yields and discount rates. Details of valuation techniques and inputs used are disclosed in Note 29.

Acquisition fee paid to the Manager amounting to \$1,829,000 (2012: \$Nil) was capitalised as part of the purchase of investment property.

The Group has mortgaged certain investment properties of up to an aggregate principal amount of \$1,790,840,000 (2012: \$1,736,030,000) as security for credit facilities granted (Note 15).

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the financial year ended 31 December 2013

**4. Investment in subsidiaries**

			<u>Trust</u>	
			2013 \$'000	2012 \$'000
Unquoted equity, at cost			1,837,852	1,839,552
<u>Name</u>	<u>Country of incorporation /constitution</u>	<u>Principal activities</u>	<u>Effective equity interest</u>	
			2013 %	2012 %
<b>Held by the Trust</b>				
Keppel REIT MTN Pte. Ltd. <sup>(1)</sup>	Singapore	Provision of treasury services	100.00	100.00
Keppel REIT (Australia) Pte. Ltd. <sup>(2)</sup>	Singapore	Investment holding	100.00	100.00
Keppel REIT Fin. Company Pte. Ltd. <sup>(2)</sup>	Singapore	Provision of treasury services	100.00	100.00
Ocean Properties LLP <sup>(2)</sup>	Singapore	Property investment	~99.90 <sup>(5)</sup>	~99.90 <sup>(5)</sup>
<b>Held through Keppel REIT (Australia) Pte. Ltd.</b>				
Keppel REIT (Bermuda) Limited <sup>(3)</sup>	Bermuda	Investment holding	100.00	100.00
Keppel REIT (Australia) Trust <sup>(4)</sup>	Australia	Investment in real estate properties	100.00	100.00
Keppel REIT (Australia) Sub-Trust 1 <sup>(4)</sup>	Australia	Investment in real estate properties	100.00	100.00
Keppel REIT (Australia) Sub-Trust 2 <sup>(4)</sup>	Australia	Investment holding	100.00	100.00
Keppel REIT (Australia) Sub-Trust 3 <sup>(4)</sup>	Australia	Investment holding	100.00	100.00
Keppel REIT (Australia) Sub-Trust 4 <sup>(4)</sup>	Australia	Investment in real estate properties	100.00	—

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the financial year ended 31 December 2013

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**4. Investment in subsidiaries (cont'd)**

- (1) Keppel REIT MTN Pte. Ltd. ("KRMTN") was incorporated to provide treasury services which include funding the Trust using proceeds from the issuance of notes under an unsecured multicurrency medium term programme. There was no drawdown made on the medium term notes facility held by KRMTN during the financial year, as the company remains dormant during the year. KRMTN is unaudited as there is no statutory requirement for the financial statements of a dormant company to be audited.
- (2) Audited by Ernst & Young LLP, Singapore.
- (3) There is no statutory requirement for the financial statements of Keppel REIT (Bermuda) Limited to be audited.
- (4) Audited by Ernst & Young LLP, Australia.
- (5) OPLLP owns Ocean Financial Centre. For the approximate 87.51% equity interest in OPLLP which the Trust acquired on 14 December 2011 for a period of 99 years from Straits Property Investments Pte Ltd ("SPIPL"), the Trust granted a call option under an option deed to SPIPL for the right to acquire the approximate 87.51% equity interest in OPLLP for \$1.00 at the expiry of the 99-year period after the acquisition date. Under the option deed, the Trust shall not dispose of its legal or beneficial interest in OPLLP to any person unless SPIPL's right of first refusal has lapsed. In addition, if any of certain specified events occurs anytime during the 99 years after the acquisition date, SPIPL has the right to procure OPLLP to take the necessary steps to carve out and transfer a leasehold title of the remaining tenure to a special purpose vehicle owned by SPIPL and the non-controlling interest.

On 25 June 2012, the Trust acquired an approximate 12.39% additional interest in OPLLP from a third party, Avan Investment Pte Ltd ("AIPL") for a period of 99 years from 14 December 2011. This acquisition increases the Group's interest in OPLLP from an approximate 87.51% to approximate 99.90%. AIPL continues to hold a remaining equity interest of approximate 0.10% in OPLLP (the "non-controlling interest"). The Trust also entered into an option deed pursuant to which AIPL shall have the right to acquire the approximately 12.39% interest in OPLLP for \$1.00 consideration, such option to be exercisable only after the expiry of a period of 99 years after 14 December 2011.

The following summarises the effect of the change in the Group's ownership interest in OPLLP on equity attributable to the Unitholders of the Trust:

	\$'000
Consideration paid for additional interest in OPLLP	228,390
Consideration attributable to rental support top-up payments (Note 9)	(19,471)
Adjustment to carrying amount of non-controlling interest to reflect changes in relative interest in OPLLP	(211,172)
Discount on acquisition of non-controlling interest recognised in Unitholders' funds	<u>(2,253)</u>

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the financial year ended 31 December 2013

**5. Investment in associates**

	<u>Group</u>		<u>Trust</u>	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Unquoted equity, at cost	1,372,945	1,371,923	1,372,945	1,371,923
Share of post-acquisition reserves	290,018	176,905	–	–
	<u>1,662,963</u>	<u>1,548,828</u>	<u>1,372,945</u>	<u>1,371,923</u>

The movement in share of post-acquisition reserves is as follows:

	<u>Group</u>	
	2013 \$'000	2012 \$'000
At 1 January	176,905	112,898
Share of results of associates		
- Profit excluding net change in fair value of investment properties	62,134	46,844
- Net change in fair value of investment properties held by associates (Note 23)	120,040	77,765
- Effects of recognising rental income on a straight line basis over lease term	(5,227)	(6,855)
	176,947	117,754
Share of net change in fair value of cash flow hedges	759	(1,719)
Dividend and distribution income received	(64,593)	(52,028)
At 31 December	<u>290,018</u>	<u>176,905</u>



**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the financial year ended 31 December 2013

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**5. Investment in associates (cont'd)**

Details of the associates are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Effective equity interest</u>	
			2013 %	2012 %
One Raffles Quay Pte Ltd <sup>(1)</sup>	Singapore	Property development and investment	33.33	33.33
BFC Development LLP <sup>(2)</sup>	Singapore	Property development and investment	33.33	33.33

<sup>(1)</sup> Audited by Ernst & Young LLP, Singapore.  
One Raffles Quay Pte Ltd ("ORQPL") is the owner of One Raffles Quay.

<sup>(2)</sup> 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.

On 15 June 2012, BFC Development Pte. Ltd. applied to the Accounting and Corporate Regulatory Authority of Singapore to convert itself to a limited liability partnership ("LLP") pursuant to the Limited Liability Partnership Act, Chapter 163A of Singapore, with the name BFC Development LLP ("BFCDLLP"). A limited liability partnership agreement was entered into between the Trust and the other two partners to govern their relationships in the LLP.

The Group does not equity account for the results of Marina Bay Residences Pte. Ltd. ("MBRPL"), a wholly-owned subsidiary of BFCDLLP as the acquisition of the one-third interest in BFCDLLP was structured to effectively exclude any significant interest in MBRPL. A deed of undertaking has been signed between the vendor (Bayfront Development Pte. Ltd.) and the Trust, whereby the Trust agrees not to participate in the financial and operating policy decisions in MBRPL and that it would "exercise all voting rights and other rights and powers that it directly or indirectly has or controls in BFCDLLP and MBRPL in accordance with the written instructions of the vendor on all matters arising from, relating to, or otherwise connected with MBRPL and/or BFCDLLP's ownership of MBRPL".

The summarised financial information of the associates, excluding BFCDLLP's interest in MBRPL, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	2013 \$'000	2012 \$'000
Total assets	7,967,984	7,607,428
Total liabilities	2,901,394	2,901,570
Revenue	364,548	337,756
Profit	530,840	353,262
Property held for sale (included in total assets)	587,346	587,148

The revenue and profit comprise full year results for ORQPL and BFCDLLP.

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the financial year ended 31 December 2013

**6. Investment in joint ventures**

	<u>Group</u>	
	2013	2012
	\$'000	\$'000
Unquoted equity, at cost	108,962	39,418
Share of post-acquisition reserves	28,309	6,142
	137,271	45,560

The movement in share of post-acquisition reserves is as follows:

	<u>Group</u>	
	2013	2012
	\$'000	\$'000
At 1 January	6,142	(33)
Share of results of joint ventures		
- Profit excluding net change in fair value of investment properties	2,103	(28)
- Net change in fair value of investment properties held by joint ventures (Note 23)	22,993	6,325
	25,096	6,297
Translation differences	(2,073)	(122)
Distribution received	(856)	-
At 31 December	28,309	6,142

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Effective equity interest</u>	
			2013 %	2012 %
<b>Held through Keppel REIT (Bermuda) Limited</b>				
Mirvac 8 Chifley Pty Limited <sup>(1)</sup>	Australia	Fund administration	50.00	50.00
Mirvac (Old Treasury) Pty Limited <sup>(1)</sup>	Australia	Fund administration	50.00	-
<b>Held through Keppel REIT (Australia) Sub-Trust 2</b>				
Mirvac 8 Chifley Trust <sup>(1)</sup>	Australia	Investment in real estate properties	50.00	50.00
<b>Held through Keppel REIT (Australia) Sub-Trust 3</b>				
Mirvac (Old Treasury) Trust <sup>(1)</sup>	Australia	Investment in real estate properties	50.00	-

<sup>(1)</sup> No statutory requirement for audit.

**6. Investment in joint ventures (cont'd)**

Acquisition of 50% interest in Mirvac (Old Treasury) Trust ("MOTT")

On 28 March 2013, the Group completed the acquisition of a 50% interest in MOTT, which has entered into a development agreement with the State of Western Australia to deliver a new office tower to be built on the Old Treasury Building site in Perth, Australia.

The aggregate consideration is AUD 165,000,000, subject to adjustment. The final consideration will be determined based on the adjusted net operating income achieved by the property in the first year from the commencement date of the Government of Western Australia's lease, capitalised at the agreed rate of 7.15% per annum.

During the financial year, the Group paid a consideration of AUD 82,500,000 for the following:

- (a) 50% of the existing units in MOTT;
- (b) 50% of the convertible notes and units issued by MOTT at completion of the sale agreement; and
- (c) 50% of the ordinary shares in the capital of Mirvac (Old Treasury) Pty Limited, the trustee of MOTT.

Upon acquisition, the Group will receive an effective annual return of 7% based on the total funds contributed until the commencement of the Government of Western Australia's lease.

The Group and the other unitholder, which holds the remaining 50.0% interest in MOTT, also entered into a subscription agreement with MOTT pursuant to which each of them will subscribe for further issuances of five separate tranches of convertible notes and units in MOTT. Each party's contribution will be AUD 82,500,000, of which, as at 31 December 2013, the Group has paid the first tranche amounted to AUD 18,150,000.

Acquisition of 50% interest in Mirvac 8 Chifley Trust ("M8CT")

On 28 July 2011, the Group completed the acquisition of a 50% interest in Mirvac 8 Chifley Trust ("M8CT"), which owns a property situated at 8 Chifley Square. The property received its Certificate of Practical Completion in July 2013.

Under the sale agreement, the Group acquired 50% of the following:

- (a) the existing 14.7 million units in M8CT;
- (b) the 34.3 million convertible notes issued by M8CT; and
- (c) the ordinary shares in the capital of Mirvac 8 Chifley Pty Limited, the trustee of M8CT.

The Group and the other unitholder, which holds the remaining 50.0% interest in Mirvac 8 Chifley Trust ("M8CT"), also entered into a subscription agreement with M8CT pursuant to which each of them would subscribe for further issuances of eight separate tranches of units and convertible notes by M8CT.

As at 31 December 2013, the Group paid in total AUD 138,930,000 for the units, convertible notes in M8CT and shares in Mirvac 8 Chifley Pty Limited. The convertible notes pay an interest of 9.5% per annum on a quarterly basis to noteholders.

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the financial year ended 31 December 2013

---

**6. Investment in joint ventures (cont'd)**

Acquisition of 50% interest in Mirvac 8 Chifley Trust ("M8CT") (cont'd)

The final subscription will be made in 2014, at which point all the convertible notes issued by M8CT will be converted to units in M8CT. The aggregate consideration amount to be paid by the Group for its stake in M8CT is capped at AUD 169,805,000.

The aggregate amounts of each of current assets, non-current assets, current liabilities, non-current liabilities, income and expenses related to the Group's interests in the joint ventures, not adjusted for the proportion of ownership interest held by the Group, are as follows:

	<u>Group</u>	
	2013 \$'000	2012 \$'000
<b>Assets and liabilities</b>		
Current assets	139,971	3,813
Non-current assets	519,191	290,744
Total assets	<u>659,162</u>	<u>294,557</u>
Current liabilities	5,966	45,080
Non-current liabilities	356,078	147,575
Total liabilities	<u>362,044</u>	<u>192,655</u>
<b>Income and expenses</b>		
Income	61,028	12,650
Expenses	10,837	56

**7. Amount owing by subsidiaries (non-trade)**

	<u>Trust</u>	
	2013 \$'000	2012 \$'000
Interest bearing	343,049	84,204
Non-interest bearing	455,599	412,658
Total	<u>798,648</u>	<u>496,862</u>

The amount owing by subsidiaries is unsecured, to be settled in cash and not expected to be repaid within the next 12 months. The interest bearing portion bears interest ranging from 7.0% to 9.5% (2012: 9.5%) per annum.

The amount owing by subsidiaries as at 31 December 2013 and 31 December 2012 are denominated in Australian Dollar.

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the financial year ended 31 December 2013

---

**8. Advances**

Advances to associates (non-trade)

Advances to associates are unsecured and not expected to be repaid within the next 12 months. They bear interest ranging from 3.21% to 3.65% (2012: 3.36% to 3.85%) per annum which is repriced every quarter at a margin above the 3-month S\$ SWAP – offer rate.

Advances to joint ventures (non-trade)

Advances to joint ventures relate to the convertible notes issued by M8CT and MOTT, are unsecured and bear interest at 9.50% (2012: 9.50%) and 9.95% per annum respectively (Note 6).

**9. Intangible asset**

	<u>Group</u>		<u>Trust</u>	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
<i>Cost:</i>				
At 1 January	183,228	163,917	29,426	29,426
Additions (Note 4)	–	19,471	–	–
Translation differences	(508)	(160)	–	–
At 31 December	<u>182,720</u>	<u>183,228</u>	<u>29,426</u>	<u>29,426</u>
<i>Accumulated amortisation:</i>				
At 1 January	90,857	25,972	24,185	18,533
Amortisation expenses	44,860	64,963	4,147	5,652
Translation differences	(353)	(78)	–	–
At 31 December	<u>135,364</u>	<u>90,857</u>	<u>28,332</u>	<u>24,185</u>
<i>Net carrying amount:</i>				
At 31 December	<u>47,356</u>	<u>92,371</u>	<u>1,094</u>	<u>5,241</u>

Intangible asset represents the unamortised aggregate rental support top-up payments receivable by the Group for its one-third interest in BFCDLLP, additional 19.4% interest in Prudential Tower, 100% interest in 77 King Street office tower, and approximately 99.9% interest in OPLLP. The remaining rental support periods range from 1 to 3 years (2012: 1 to 4 years).

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the financial year ended 31 December 2013

**10. Trade and other receivables**

	<u>Group</u>		<u>Trust</u>	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Trade receivables	8,377	5,702	450	1,295
Allowance for doubtful debts	(10)	(17)	–	–
Trade receivables (net)	8,367	5,685	450	1,295
Amounts due from subsidiaries (non-trade)	–	–	18,877	21,485
Amounts due from related companies				
- trade	18,814	18,163	18,814	18,163
- non-trade	30	121	–	121
Amounts due from joint ventures (non-trade)	4,568	2,040	–	–
Deposits	94	93	–	–
Interest receivable	33	30	32	30
Rental support receivable	1,955	2,377	1,955	2,377
Other receivables	4	160	–	160
	<u>33,865</u>	<u>28,669</u>	<u>40,128</u>	<u>43,631</u>

Amounts due from subsidiaries, related companies and joint ventures are unsecured, interest-free, repayable on demand and are to be settled in cash.

Trade and other receivables for the Trust, denominated in currency other than the functional currency amounted to \$11,561,000 (2012: \$5,013,000). The balances are denominated in Australian Dollar.

Receivables that are past due but not impaired

	<u>Group</u>		<u>Trust</u>	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Trade receivables past due but not impaired:				
Past due <3 months and not impaired	1,103	353	–	–
Past due 3 - 6 months and not impaired	43	63	–	–
Past due >6 months and not impaired	140	160	–	–
	<u>1,286</u>	<u>576</u>	<u>–</u>	<u>–</u>

Analysis for allowance for doubtful debts

	<u>Group</u>		<u>Trust</u>	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
At 1 January	(17)	(17)	–	–
Charge for the year	(10)	(7)	–	–
Write-off against allowance	17	7	–	–
At 31 December	<u>(10)</u>	<u>(17)</u>	<u>–</u>	<u>–</u>

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the financial year ended 31 December 2013

**11. Cash and bank balances**

	<u>Group</u>		<u>Trust</u>	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Cash and bank balances	63,158	81,439	43,729	38,600
Fixed deposits	27,453	20,491	18,053	20,491
	<u>90,611</u>	<u>101,930</u>	<u>61,782</u>	<u>59,091</u>
Less: Rental support received in advance held in escrow accounts	(19,471)	(30,164)	(17,907)	(27,860)
Cash and cash equivalents	<u>71,140</u>	<u>71,766</u>	<u>43,875</u>	<u>31,231</u>

Cash at banks earn interest at floating rates based on daily bank deposit rates ranging from 0% to 3.25% (2012: 0% to 4.25%) per annum. Short-term deposits are made for varying periods of between 17 days and 182 days (2012: 8 days and 114 days) depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The interest rates of short-term deposits range from 0.05% to 3.47% (2012: 0.01% to 4.53%) per annum.

Cash and bank balances for the Group and Trust, denominated in currencies other than the respective entities' functional currencies amounted to \$9,336,000 (2012: \$9,617,000). These balances are denominated in Australian Dollar.

**12. Trade and other payables**

	<u>Group</u>		<u>Trust</u>	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Trade payables	4,642	1,290	42	39
Accrued expenses	10,303	9,020	2,403	3,315
Other payables	53,360	104,833	27,808	27,676
Accrued acquisition costs	–	1,774	–	1,774
Amounts due to related companies				
- trade	11,987	11,337	11,582	10,576
- non-trade	166	420	164	765
Other deposits	11,669	9,301	198	96
Interest payable	2,131	1,630	898	935
	<u>94,258</u>	<u>139,605</u>	<u>43,095</u>	<u>45,176</u>

Other payables relate to (i) estimated development costs of \$7,892,000 (2012: \$56,380,000) 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 \$27,676,000 (2012: \$27,676,000) withheld from the purchase consideration for the acquisition of one-third interest in BFCDLLP and (iii) obligation in relation to the subscription of units and convertible notes issued by M8CT (Note 6) amounting to \$17,660,000 (2012: \$20,777,000).

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the financial year ended 31 December 2013**

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**12. Trade and other payables (cont'd)**

Included in the trade amounts due to related companies are amounts due to the Property Manager of \$512,000 (2012: \$414,000) and the Manager of \$11,395,000 (2012: \$10,515,000).

Amounts due to related companies are unsecured, interest-free and repayable on demand. These amounts are to be settled in cash with the exception of management fees payable to the Manager which will be paid in the form of cash and/or Units (Note 1(b)).

Included in other deposits is an amount of \$11,173,000 (2012: \$8,935,000) which relates to retention monies for the construction of Ocean Financial Centre.

Trade and other payables for the Group and Trust, denominated in currencies other than the respective entities' functional currencies amounted to \$185,000 (2012: \$Nil). These balances are denominated in Australian Dollar.

**13. Derivative financial instruments**

		<u>Group</u>					
		2013 \$'000		2012 \$'000			
	Maturity	Contract/ Nominal Amount	Assets	Liabilities	Contract/ Nominal Amount	Assets	Liabilities
Forward currency contracts	2014 – 2015	112,445	347	(6,496)	82,419	5,461	(119)
Interest rate swaps	2014 – 2018	1,302,949	2,738	(22,029)	835,000	–	(30,619)
		<u>1,415,394</u>	<u>3,085</u>	<u>(28,525)</u>	<u>917,419</u>	<u>5,461</u>	<u>(30,738)</u>
Percentage of derivatives to the Group's net asset value				(0.65%)			(0.73%)



**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the financial year ended 31 December 2013

**13. Derivative financial instruments (cont'd)**

		<u>Trust</u>					
		2013 \$'000		2012 \$'000			
	Maturity	Contract/ Nominal Amount	Assets	Liabilities	Contract/ Nominal Amount	Assets	Liabilities
Forward currency contracts	2014 – 2015	112,445	347	(6,496)	82,419	5,461	(119)
Interest rate swaps	2014 – 2018	802,949	–	(20,395)	635,000	–	(30,470)
		915,394	347	(26,891)	717,419	5,461	(30,589)
Percentage of derivatives to the Group's net asset value				(0.79%)			(0.77%)

Forward currency contracts

Forward currency contracts are used to hedge foreign currency risk arising from the cash flow of the Group's foreign investment properties in Australia. The Group also entered into forward currency contracts to hedge its firm commitment for the progressive payments to be made for the subscription of units and convertible notes in M8CT and MOTT. In the prior year, the Group entered into forward currency contracts to hedge its firm commitment for the progressive payments to be made for the subscription of units and convertible notes in M8CT.

The Group designates these forward currency contracts as cash flow hedges which were assessed to be highly effective. A net unrealised loss of \$6,149,000 (2012: net unrealised gain of \$5,342,000) was included in hedging reserve in Unitholders' funds in respect of these contracts.

Interest rate swaps

Interest rate swaps are used to hedge interest rate risk arising from the underlying floating interest rates of respective bank loans. Under the interest rate swaps, the Group receives floating interest equal to S\$ swap-offer rate ("SOR") and A\$ bank bill swap bid rate ("BBSY") at specific contracted intervals and pays fixed rates of interest ranging from 0.88% to 3.10% (2012: 0.88% to 2.15%) per annum.

The Group designates these interest rate swaps as cash flow hedges which were assessed to be highly effective. An unrealised loss of \$19,291,000 (2012: \$30,619,000) was included in hedging reserve in Unitholders' funds in respect of these contracts.

**14. Income received in advance**

Income received in advance comprises mainly rental and incentive supports received in advance from third party vendors for certain of the Group's investment properties.

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the financial year ended 31 December 2013

**15. Borrowings**

		<u>Group</u>		<u>Trust</u>	
	Maturity	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>Current:</b>					
Bank loans (unsecured)	2014	59,914	154,964	59,914	99,964
Term loan (unsecured)	2014	127,000	–	127,000	–
Revolving loan facility (unsecured)	2014	95,039	–	95,039	–
		<u>281,953</u>	<u>154,964</u>	<u>281,953</u>	<u>99,964</u>
<b>Non-current:</b>					
Bank loans (secured)	2015 - 2017	882,642	848,186	423,920	423,368
Bank loans (unsecured)	2015 - 2018	1,383,997	808,180	199,663	259,639
Term loan (unsecured)	–	–	127,000	–	127,000
Revolving loan facilities (unsecured)	2015 - 2016	134,266	484,357	–	387,922
Borrowings from a subsidiary (unsecured)		–	–	1,321,059	700,399
		<u>2,400,905</u>	<u>2,267,723</u>	<u>1,944,642</u>	<u>1,898,328</u>
Percentage of total borrowings to net asset value		(68.8%)	(69.9%)	(65.9%)	(61.6%)

Borrowings for the Group denominated in currencies other than the respective entities' functional currencies amounted to \$22,883,000 (2012: \$Nil). The balances are denominated in Australian Dollar.

Bank loans (secured)

Banks loans amounting to \$882,642,000 (2012: \$848,186,000) are secured by mortgage over certain investment properties of the Group. The interest rates range from 0.75% + SOR to 0.94% + SOR (2012: 0.75% + SOR to 0.87% + SOR) per annum. The loans are repayable upon maturity. The Group has entered into interest rate swaps (Note 13) to hedge \$720,688,000 (2012: \$523,446,000) non-current bank loans that are on floating interest rates.

Bank loans (unsecured)

Bank loans amounting to \$603,513,000 (2012: \$499,157,000) are on fixed interest rates ranging from 1.85% to 2.88% (2012: 1.87% to 2.98%) per annum and are repayable upon maturity. The Group has entered into interest rate swaps (Note 13) to hedge \$576,385,000 (2012: \$309,222,000) of the bank loans that are on floating interest rates. The remaining bank loans on floating interest rates of \$264,013,000 (2012: \$154,765,000) bear interest ranging from 0.94% + SOR to 1.45% + SOR (2012: 0.95% + SOR to 1.30% + SOR) per annum.

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the financial year ended 31 December 2013**

---

**15. Borrowings (cont'd)**

Term loan (unsecured)

The Group took up \$127,000,000 term loan with a related company in May 2011 for a period of 3 years. The loan is on floating interest rates ranging from 1.77% to 2.09% (2012: 1.40% to 1.90%) per annum and is repriced every rollover period.

Revolving loan facilities (unsecured)

The loans drawn down are on floating interest rates ranging from 0.88% to 1.90% (2012: 0.94% to 1.90%) per annum and are repriced every rollover period.

The current balance of the revolving loan facilities relates to loan from a related company.

Borrowings from a subsidiary (unsecured)

Borrowings from a subsidiary bear interest ranging from 0.88% to 4.32% (2012: 0.75% to 2.44%) per annum and are not expected to be repaid within the next 12 months.

As at 31 December 2013, the Group had unutilised available facilities of \$735,700,000 (2012: \$181,100,000) to meet its future obligations. The weighted average all-in funding cost of the Group, including margin charged on the loans and amortised upfront costs, is 2.15% (2012: 2.02%) per annum.

**16. Deferred tax liabilities**

The movement in the deferred tax liabilities is as follows:

	<u>Group</u>
	2013
	Change in
	fair value of
	investment
	properties
	\$'000
At 1 January	–
Charged to Statement of Total Return	5,061
Translation differences	(308)
At 31 December	<u>4,753</u>

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the financial year ended 31 December 2013

---

**17. Units in issue**

	<u>Group and Trust</u>			
	2013		2012	
	'000	\$'000	'000	\$'000
At 1 January	2,631,180	2,771,684	2,547,575	2,682,996
Issue of Units:				
- payment of management fees in Units	21,502	27,838	23,605	23,486
- placement of Units	135,000	172,900	60,000	70,200
Distributions to Unitholders	-	(45,941)	-	(5,642)
(Issue expenses)/Issue expenses adjustment	-	(2,190)	-	644
At 31 December	<u>2,787,682</u>	<u>2,924,291</u>	<u>2,631,180</u>	<u>2,771,684</u>

During the year, the following Units were issued:

- 21,501,637 (2012: 23,605,269) Units were issued at unit prices ranging between \$1.2341 - \$1.3355 (2012: \$0.8176 - \$1.1705) as payment of management fees;
- 40,000,000 Units were issued at unit price of \$1.33 for the repayment of outstanding borrowings; and
- 95,000,000 Units were issued at unit price of \$1.26 for the acquisition of the 50% interest in 8 Exhibition Street.

In 2012, 60,000,000 Units were issued at unit price of \$1.17 for the placement of new units as partial satisfaction of the purchase consideration for the acquisition of additional 12.39% interest in OPLLP.

Each Unit represents undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- receive income and other distributions attributable to the Units held;
- participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to transfer to it any assets (or part thereof) or of any estate or interest in any asset (or part thereof) of the Trust; and
- attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or Unitholders representing not less than 10% of the issued Units of the Scheme) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed.

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the financial year ended 31 December 2013

---

**17. Units in issue (cont'd)**

The restrictions of a Unitholder include, *inter alia*, the following:

- a Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and
- a Unitholder has no right to request the Manager to repurchase or redeem his Units while Units are listed on SGX-ST.

The Trust Deed contains provisions designed to limit the liability of a Unitholder to the amount paid or payable for any Unit, and to ensure that no Unitholder, by reason alone of being a Unitholder, will be personally liable to indemnify the Trustee or any creditor of the Group in the event that the liabilities of the Group exceed its assets, if the issue price of the Units held by that Unitholder has been fully paid.

**18. Property income**

	<u>Group</u>	
	2013	2012
	\$'000	\$'000
Gross rent	169,201	153,779
Car park income	1,823	1,366
Others	3,019	1,725
	174,043	156,870

**19. Property expenses**

	<u>Group</u>	
	2013	2012
	\$'000	\$'000
Property tax	10,882	10,723
Property management fee	4,373	4,000
Property management salary reimbursements	1,937	1,681
Marketing expenses	1,497	527
Utilities	5,144	5,559
Maintenance	10,679	8,750
Other property expenses	1,237	970
	35,749	32,210

**20. Rental support**

Rental support relates to top-up payments from vendors for shortfall of guaranteed income amounts in respect of the Group's interests in BFCDLLP, Prudential Tower, 77 King Street office tower and OPLLP. In the prior year, the rental support was related to top-up payments from vendors of ORQPL, BFCDLLP, Prudential Tower, 275 George Street, 77 King Street office tower and OPLLP.

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the financial year ended 31 December 2013

**21. Trust expenses**

	<u>Group</u>	
	2013	2012
	\$'000	\$'000
Manager's base fees	33,944	31,315
Manager's performance fees	8,987	8,123
Trustees' fees	1,302	1,118
Valuation fees	371	145
Auditors' remuneration	289	272
Professional fees	1,854	871
Other trust expenses	3,011	2,468
	<u>49,758</u>	<u>44,312</u>

The Manager has elected to receive in Units 100% of base fees and performance fees earned in respect of the approximate 87.51% interest in OPLLP and the 50% interest in 8 Exhibition Street as well as 50% of its base fees and performance fees earned for the approximate 12.39% interest in OPLLP and interests in other properties for the financial years ended 31 December 2013 and 31 December 2012.

**22. Borrowing costs**

	<u>Group</u>	
	2013	2012
	\$'000	\$'000
Interest expense		
- bank loans	45,862	37,140
- term loan from a related company	2,516	2,157
- revolving loan from a related company	4,374	6,236
Amortisation of capitalised transaction costs	2,426	1,258
	<u>55,178</u>	<u>46,791</u>

**23. Net change in fair value of investment properties**

	<u>Group</u>	
	2013	2012
	\$'000	\$'000
Investment properties held directly by the Group (Note 3)	254,596	150,072
Investment properties held by associates (Note 5)	120,040	77,765
Investment properties held by joint ventures (Note 6)	22,993	6,325
Effects of recognising rental income on a straight line basis over lease term	(8,488)	(17,361)
	<u>389,141</u>	<u>216,801</u>

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the financial year ended 31 December 2013

**24. Income tax expense**

	<u>Group</u>	
	2013	2012
	\$'000	\$'000
Current tax:		
- current year	9,594	13,565
- over provision in respect of previous years	(1,491)	(77)
Deferred tax:		
- current year	5,061	-
Withholding tax:		
- current year	3,610	1,393
Total	<u>16,774</u>	<u>14,881</u>
Reconciliation of effective tax:		
Total return before tax	551,702	347,878
Income tax using Singapore tax rate of 17% (2012: 17%)	93,789	59,139
Non-tax deductible items	12,228	16,193
Net change in fair value of investment properties	(61,093)	(36,856)
Share of results of associates	(10,563)	(7,963)
Share of results of joint ventures	(358)	5
Withholding tax	3,610	1,393
Over provision in respect of previous years	(1,491)	(77)
Tax transparency	(19,348)	(16,953)
Income tax expense recognised in Statement of Total Return	<u>16,774</u>	<u>14,881</u>

**25. Earnings per Unit**

The basic earnings per Unit is calculated by dividing total return after tax attributable to Unitholders against weighted average number of Units outstanding during the financial year.

	<u>Group</u>	
	2013	2012
	\$'000	\$'000
Total return after tax attributable to Unitholders	534,681	329,679
Total return after tax and excluding net change in fair value of investment properties	145,721	112,960
	'000	'000
Weighted average number of Units in issue during the financial year	2,714,470	2,590,688
Basic earnings per Unit based on:		
Total return after tax attributable to Unitholders	19.70 cents	12.73 cents
Total return after tax excluding net change in fair value of investment properties	5.37 cents	4.36 cents

Diluted earnings per Unit is the same as the basic earnings per Unit as there are no dilutive instruments in issue during the financial year.

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the financial year ended 31 December 2013

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**26. Significant related party transactions**

During the financial year, other than those disclosed elsewhere in the financial statements, there were the following significant related party transactions which took place at terms agreed between the parties:

	<u>Group</u>	
	2013	2012
	\$'000	\$'000
Acquisition fee paid to the Manager	3,970	2,857
Trustee's fees paid/payable to the Trustee	1,018	939
Property management fees and reimbursable paid/payable to a related company	6,005	5,455
Leasing commissions paid/payable to a related company	1,771	965
Rental income and other related income from related companies	7,056	6,684
Interest income received/receivable from associates of the Trust	21,415	22,519
Rental support received/receivable from related companies	62,308	78,984
Coupon interest received/receivable from joint ventures	14,813	5,652
Project management fees paid to a related company	61	490
Electricity supply from a related company	4,525	4,639
Transportation services provided by related company	138	182
Telephone and internet services provided by related company	10	7
Aircon supply provided by a related company	2,674	3,734
Waste removal provided by a related company	94	72
Accrued development costs paid/payable for one-third interest in an associate	1,735	–

**27. Financial risk management objectives and policies**

The Group is exposed to credit, interest rate, liquidity, foreign currency and operational risks in the normal course of its business. Assessment of financial risks is carried out regularly by the Manager.

The Manager believes that good risk management practices and strong internal controls are critical components to Keppel REIT's business. As such, the Manager constantly reviews risks faced by the Group and pro-actively carries out initiatives to mitigate them. Some of the key risks that the Manager has identified are as follows:

**(a) Credit risk**

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Prior to signing any major lease agreements, credit assessments on prospective tenants are carried out. This is usually done by way of evaluating information from corporate searches. Security deposits are collected from tenants, and the Group's tenant trade sector mix in its property portfolio is actively managed to avoid excessive exposure to any one potentially volatile trade sector.

The Manager has ensured appropriate terms and/or credit controls are stipulated in the agreements to ensure counterparty fulfil its obligations.



27. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

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 69.1% (2012: 70.9%) of the Group's trade and other receivables were due from related companies and joint ventures. Concentration of credit risk relating to trade receivables is limited due to the Group's many varied tenants. The tenants are engaged in diversified businesses and are of good quality and strong credit standing.

Financial assets that are neither past due nor impaired

Trade and other receivables and advances to associates (non-trade) that are neither past due nor impaired relate to creditworthy debtors and counterparties with good payment record. Cash and bank balances are placed and derivative financial instruments are entered into with financial institutions with good credit ratings.

(b) Interest rate risk

The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities.

The Group constantly monitors its exposure to changes in interest rates for its interest-bearing financial liabilities. Interest rate risk is managed on an ongoing basis with the primary objective of limiting the extent to which net interest expense can be affected by adverse movements in interest rates through the use of interest rate swaps.

The Group manages interest costs using a mix of fixed and floating rate debts. The details of the interest rates relating to interest-earning financial assets and interest-bearing financial liabilities are disclosed in Notes 8, 11, 13 and 15 respectively.

Sensitivity analysis

At the reporting date, if Singapore Dollar interest rates had been 0.1% per annum (2012: 0.1% per annum) higher/lower with all other variables constant, the Group's total return before tax would have been \$693,000 (2012: \$994,000) lower/higher, arising mainly as a result of higher/lower interest expense on floating rate borrowings that are not hedged, and the Group's hedging reserve would have been \$4,067,000 (2012: \$2,270,000) higher/lower, arising mainly as a result of an increase/decrease in the fair value of interest rate swaps designated as cashflow hedges.

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the financial year ended 31 December 2013

**27. Financial risk management objectives and policies (cont'd)**

**(c) Liquidity risk**

The Group's cash flow position and working capital are monitored closely to ensure that there are adequate liquid reserves in terms of cash and credit facilities to meet short-term obligations. Steps have been taken to plan early for funding and expense requirements so as to manage the cash position at any point in time.

The table below summarises the maturity profile and financial liabilities of the Group and Trust at the reporting date based on contractual undiscounted repayment obligations.

<u>Group</u>	2013				2012			
	1 year or less	2 to 5 years	> 5 years	Total	1 year or less	2 to 5 years	> 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	94,258	–	–	94,258	139,605	–	–	139,605
Derivative financial instruments	20,463	27,879	–	48,342	10,470	19,561	–	30,031
Security deposits	3,927	25,731	4,452	34,110	3,544	22,814	6,573	32,931
Borrowings	320,732	2,499,956	–	2,820,688	196,034	2,361,062	–	2,557,096
	439,380	2,553,566	4,452	2,997,398	349,653	2,403,437	6,573	2,759,663

<u>Trust</u>	2013				2012			
	1 year or less	2 to 5 years	> 5 years	Total	1 year or less	2 to 5 years	> 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	43,095	–	–	43,095	45,176	–	–	45,176
Derivative financial instruments	18,662	21,275	–	39,937	9,899	17,314	–	27,213
Security deposits	852	9,281	–	10,133	3,544	5,784	1,353	10,681
Borrowings	316,177	2,024,325	–	2,340,502	134,785	1,962,265	–	2,097,050
	378,786	2,054,881	–	2,433,667	193,404	1,985,363	1,353	2,180,120

**27. Financial risk management objectives and policies (cont'd)**

**(d) Foreign currency risk**

Foreign currency risk arises when transactions are denominated in currencies other than the respective functional currencies of the various entities in the Group and impact the Group's total return for the year.

The Group's foreign currency risk relates mainly to its Australian Dollar denominated investments. The Group monitors its foreign currency exposure on an on-going basis and manages its exposure to adverse movements in foreign currency exchange rates through financial instruments or other suitable financial products.

The Group has outstanding forward currency contracts with notional amounts totalling \$112,445,000 (2012: \$82,419,000) (Note 13). As at the reporting date, financial derivative liabilities of \$6,149,000 (2012: assets of \$5,342,000) were recorded on the Balance Sheets based on the net fair value of these forward exchange contracts.

Sensitivity analysis

At the reporting date, if the Australian Dollar strengthened/weakened against Singapore Dollar by 5% (2012: 5%) with all other variables constant, the Group's total return before tax would have been \$687,000 lower/higher (2012: \$481,000 higher/lower) due to exchange differences arising from appreciation/depreciation of Australian Dollar against Singapore Dollar, and the Group's hedging reserve would have been \$3,718,000 (2012: \$3,716,000) lower/higher, arising mainly as a result of appreciation/depreciation of Australian Dollar against Singapore Dollar.

**28. Capital management**

The primary objective of the Group's capital management is to ensure that it maintains a healthy credit rating and aggregate leverage ratio.

Under the Property Funds Appendix of the CIS Code, the aggregate leverage should not exceed 35.0% of the Group's deposited property. The aggregate leverage may exceed 35.0% of the Group's deposited property (up to a maximum of 60.0%) only if a credit rating of the Trust from Fitch Inc., Moody's Investor Services or Standard and Poor's is obtained and disclosed to the public. The Group has been assigned a corporate rating of "Baa2" (2012: Baa3) by Moody's Investor Services and "BBB" (2012: BBB) by Standard & Poor's. The Group has complied with this requirement for the financial years ended 31 December 2013 and 2012.

The Group's capital is represented by its Unitholders' funds as disclosed in the Balance Sheets. The Group constantly monitors capital using aggregate leverage ratio, which is total gross borrowings divided by the value of its deposited properties. At the balance sheet date, the Group has gross borrowings (including deferred payments for the construction of Phase 2 of Ocean Financial Centre and the Group's respective share of borrowings carried at ORQPL) totalling \$3,030,824,000 (2012: \$2,800,545,000) and an aggregate leverage of 42.1% (2012: 42.9%).

**29. Fair value of assets and liabilities**

**(a) Fair value hierarchy**

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction other than in a forced or liquidation sale.

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- (i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can assess at the measurement date,
- (ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- (iii) Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

**(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		
	2013		
	\$'000		
	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
<u>Financial liabilities</u>			
Derivative financial instruments			
- Forward currency contracts	(6,149)	-	(6,149)
- Interest rate swaps	(19,291)	-	(19,291)
Financial liabilities as at 31 December 2013	(25,440)	-	(25,440)
<u>Non-financial assets</u>			
Investment properties	-	4,015,094	4,015,094
Non-financial assets as at 31 December 2013	-	4,015,094	4,015,094

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the financial year ended 31 December 2013

**29. Fair value of assets and liabilities (cont'd)**

**(b) Assets and liabilities measured at fair value (cont'd)**

	Trust		
	2013		
	\$'000		
	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
<u>Financial liabilities</u>			
Derivative financial instruments			
- Forward currency contracts	(6,149)	-	(6,149)
- Interest rate swaps	(20,395)	-	(20,395)
Financial liabilities as at 31 December 2013	(26,544)	-	(26,544)
<u>Non-financial assets</u>			
Investment properties	-	994,760	994,760
Non-financial assets as at 31 December 2013	-	994,760	994,760

**(c) Level 2 fair value measurements**

Forward currency contracts and interest rate swap contracts are valued using valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves.

**(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 2013 \$'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties	4,015,094	Capitalisation approach	Capitalisation rate	4.00% - 6.70%	The higher the rate, the lower the fair value
		Discounted cash flow	Discount rate	5.75% - 9.00%	The higher the rate, the lower the fair value

**29. Fair value of assets and liabilities (cont'd)**

**(d) Level 3 fair value measurements (cont'd)**

- (i) Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)

The investment properties categorised under Level 3 of the fair value hierarchy are generally sensitive to the various unobservable inputs tabled above. A significant movement of each input would result in significant change to the fair value of the respective investment properties.

The Group assesses the fair value of investment properties on a yearly basis.

- (ii) Valuation policies and procedures

The Group engages external, independent and qualified valuers to determine the fair value of the Group's investment properties at the end of every financial year.

The Manager is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge of valuation of investment properties. In accordance to the CIS Code, the Group rotates the independent valuers every two years.

For valuation performed by external valuers, management reviews the appropriateness of the valuation methodologies and assumptions adopted.

Significant changes in fair value measurements from period to period are evaluated by management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent external sources, or internal sources if necessary and appropriate. Significant valuation issues are reported to the Audit and Risk Committee.

**(e) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value**

The Manager has determined that the carrying amounts of cash and short term deposits, trade and other receivables, trade and other payables and short-term borrowings reasonably approximate fair values due to their short-term nature. The carrying amount of advances to associates and floating-rate borrowings reasonably approximate fair value because they are floating rate instruments that are repriced to market interest rates on or near the end of the reporting period.

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the financial year ended 31 December 2013

**29. Fair value of assets and liabilities (cont'd)**

**(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 (cont'd)**

The fair values of long-term fixed-rate borrowings and security deposits as at 31 December 2013 and 31 December 2012 are as stated below. They are estimated using discounted cash flow analysis based on current rates for similar types of borrowing arrangements.

<u>Group</u>	2013		2012	
	Carrying value \$'000	Fair value \$'000	Carrying value \$'000	Fair value \$'000
Long-term borrowings	603,513	598,614	449,157	455,545
Security deposits (non-current)	30,183	23,874	29,387	26,822
<u>Trust</u>				
Long-term borrowings	603,513	598,614	449,157	455,545
Security deposits (non-current)	9,281	7,613	7,137	6,731

Fair value information has not been disclosed for the Trust's amounts owing by subsidiaries that is carried at cost because fair value cannot be measured reliably as the amount has no fixed repayment terms.

**(f) Classification of financial instruments**

<u>Group</u>	Loans and receivables \$'000	Liabilities at amortised cost \$'000
<u>2013</u>		
<i>Assets</i>		
Advances to associates	606,222	—
Trade and other receivables	33,865	—
Cash and bank balances	90,611	—
Total	<u>730,698</u>	<u>—</u>
<i>Liabilities</i>		
Trade and other payables	—	94,258
Borrowings	—	2,682,858
Security deposits	—	34,110
Total	<u>—</u>	<u>2,811,226</u>

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the financial year ended 31 December 2013

**29. Fair value of assets and liabilities (cont'd)**

**(f) Classification of financial instruments (cont'd)**

<u>Group</u>	Loans and receivables \$'000	Liabilities at amortised cost \$'000
<u>2012</u>		
<i>Assets</i>		
Advances to associates	606,222	–
Trade and other receivables	28,669	–
Cash and bank balances	101,930	–
Total	<u>736,821</u>	<u>–</u>
<i>Liabilities</i>		
Trade and other payables	–	139,605
Borrowings	–	2,422,687
Security deposits	–	32,931
Total	<u>–</u>	<u>2,595,223</u>
<u>Trust</u>	Loans and receivables \$'000	Liabilities at amortised cost \$'000
<u>2013</u>		
<i>Assets</i>		
Advances to associates	606,222	–
Trade and other receivables	40,128	–
Cash and bank balances	61,782	–
Total	<u>708,132</u>	<u>–</u>
<i>Liabilities</i>		
Trade and other payables	–	43,095
Borrowings	–	2,226,595
Security deposits	–	10,133
Total	<u>–</u>	<u>2,279,823</u>
<u>2012</u>		
<i>Assets</i>		
Advances to associates	606,222	–
Trade and other receivables	43,631	–
Cash and bank balances	59,091	–
Total	<u>708,944</u>	<u>–</u>
<i>Liabilities</i>		
Trade and other payables	–	45,176
Borrowings	–	1,998,292
Security deposits	–	10,681
Total	<u>–</u>	<u>2,054,149</u>



**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the financial year ended 31 December 2013

**30. Portfolio reporting**

The Group's business is investing in real estate and real estate-related assets which are predominantly used for commercial purposes. All its existing properties are located in Singapore and Australia.

Discrete financial information is provided to the Board on a property by property basis. The information provided is net rental (including property income and property expenses) and the value of the deposited property. The Board is of the view that the portfolio reporting is appropriate as the Group's business is in prime commercial properties located in Australia and Singapore Central Business District area.

Investments in One Raffles Quay and Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall are held through one-third interests in ORQPL and BFCDLLP and the information provided below is in relation to the properties.

<u>By property</u>	<u>Group</u>	
	2013	2012
	\$'000	\$'000
<u>Property income</u>		
Prudential Tower <sup>1</sup>	19,273	21,019
Bugis Junction Towers	20,278	20,427
275 George Street <sup>2</sup>	22,134	23,425
77 King Street office tower	12,801	12,510
Ocean Financial Centre <sup>3</sup>	90,682	79,489
8 Exhibition Street <sup>4</sup>	8,875	–
Total property income	174,043	156,870
 <u>Income contribution</u>		
	2013	2012
	\$'000	\$'000
Prudential Tower <sup>1</sup>	14,559	16,712
Bugis Junction Towers	16,436	16,652
275 George Street <sup>2</sup>	17,959	19,111
77 King Street office tower	10,162	9,839
Ocean Financial Centre <sup>3</sup>	72,320	62,346
8 Exhibition Street <sup>4</sup>	6,858	–
Total net property income	138,294	124,660
One-third interest in ORQPL:		
- Rental support	–	9,267
- Interest income	1,463	1,544
- Dividend income	30,066	25,255
Total income from one-third interest in ORQPL	31,529	36,066

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the financial year ended 31 December 2013

**30. Portfolio reporting (cont'd)**

**By property (cont'd)**

	<u>Group</u>	
	2013 \$'000	2012 \$'000
One-third interest in BFCDLLP:		
- Rental support	8,710	5,848
- Interest income	19,953	20,975
- Dividend and distribution income	34,527	26,773
Total income from one-third interest in BFCDLLP	63,190	53,596
8 Chifley Square <sup>5</sup>		
- Interest income	10,275	5,652
Old Treasury Building <sup>6</sup>		
- Interest income	4,538	-
- Distribution income	856	-
	5,394	-
Total income contribution <sup>7</sup>	248,682	219,974

<sup>1</sup> Comprises approximately 92.8% (2012: 92.8%) of the strata area in Prudential Tower.

<sup>2</sup> Comprises 50.0% interest (2012: 50.0%) in 275 George Street.

<sup>3</sup> Comprises approximately 99.9% (2012: 99.9%) interest in Ocean Financial Centre through OPLLP.

<sup>4</sup> Comprises 50.0% interest (2012: Nil) in 8 Exhibition Street.

<sup>5</sup> Comprises 50.0% interest (2012: 50.0%) in 8 Chifley Square.

<sup>6</sup> Comprises 50.0% interest (2012: Nil) in Old Treasury Building.

<sup>7</sup> Reconciliation to net income before net change in fair value of investment properties per Statement of Total Return:-

	<u>Group</u>	
	2013 \$'000	2012 \$'000
Total income contribution	248,682	219,974
Less: Dividend and distribution income	(65,449)	(52,028)
Add: Rental support for directly held investment properties	64,163	71,395
Add: Interest income earned from deposits placed with financial institutions	724	986
Add: Share of results of associates	62,134	46,844
Add/(Less): Share of results of joint ventures	2,103	(28)
Less: Other unallocated expenses	(149,796)	(156,066)
Net income before net change in fair value of investment properties	162,561	131,077

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the financial year ended 31 December 2013

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**30. Portfolio reporting (cont'd)**

	<u>Group</u>	
	2013	2012
	\$'000	\$'000
<b><u>Interests in associates</u></b>		
One-third interest in ORQPL:		
Investment in associate	627,958	597,350
Advances to associate	44,946	44,946
	672,904	642,296
One-third interest in BFCDLLP:		
Investment in associate	1,035,005	951,478
Advances to associate	561,276	561,276
Intangible asset	1,094	2,893
	1,597,375	1,515,647
	<u>Group</u>	
	2013	2012
	\$'000	\$'000
<b><u>Interests in joint ventures</u></b>		
50.0% interest in M8CT:		
Investment in joint venture	75,727	45,560
Advances to joint venture	111,256	94,519
	186,983	140,079
50.0% interest in MOTT:		
Investment in joint venture	61,544	-
Advances to joint venture	66,783	-
	128,327	-

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the financial year ended 31 December 2013

**30. Portfolio reporting (cont'd)**

<u>By geographical area</u>	<u>Group</u>	
	2013 \$'000	2012 \$'000
<u>Property income</u>		
- Singapore	130,233	120,935
- Australia	43,810	35,935
Total property income	<u>174,043</u>	<u>156,870</u>
<u>Net property income</u>		
- Singapore	103,315	95,710
- Australia	34,979	28,950
Total net property income	<u>138,294</u>	<u>124,660</u>
<u>Income contribution</u>		
- Singapore	198,034	185,372
- Australia	50,648	34,602
Total income contribution	<u>248,682</u>	<u>219,974</u>
<u>Investment properties, at valuation</u>		
- Singapore	3,458,824	3,225,818
- Australia	556,270	388,926
Total value of investment properties	<u>4,015,094</u>	<u>3,614,744</u>

**31. Commitments and contingencies**

**(a) Operating lease commitments – as lessor**

The Group leases out its investment properties. Lease arrangements for the Group's Australia-based investment properties include rental escalation clauses. Future minimum rental receivable under non-cancellable operating leases is as follows:

	<u>Group</u>	
	2013 \$'000	2012 \$'000
Within 1 year	166,862	149,407
Between 2 and 5 years	416,029	443,511
After 5 years	76,881	73,738
	<u>659,772</u>	<u>666,656</u>

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the financial year ended 31 December 2013

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**31. Commitments and contingencies (cont'd)**

**(b) Capital commitments**

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements is as follows:

	<u>Group</u>		<u>Trust</u>	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Capital commitment in respect of investment properties	–	1,676	–	1,676
Committed progressive payments for investments in joint ventures	<u>105,499</u>	<u>290,511</u>	<u>–</u>	<u>–</u>

The committed progressive payments for investments in joint ventures are based on the consideration payable by the Group for its 50% interest in M8CT and MOTT (Note 6).

**(c) Guarantee**

The Trust has provided a corporate guarantee amounting to \$1,322,884,000 (2012: \$702,224,000) to banks for loans taken by a subsidiary.

**32. Financial ratios**

	2013 %	2012 %
Expenses to weighted average net assets <sup>1</sup>		
- including performance component of Manager's management fees	1.38	1.32
- excluding performance component of Manager's management fees	1.12	1.07
Portfolio turnover rate <sup>2</sup>	–	–

<sup>1</sup> The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to the trust expenses, excluding property expenses, amortisation expenses, foreign exchange differences and borrowing costs.

<sup>2</sup> The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of weighted average net asset value.

**33. Subsequent event**

On 20 January 2014, the Manager declared a distribution of 1.97 cents per Unit for the period from 1 October 2013 to 31 December 2013.

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**AUDITED FINANCIAL STATEMENTS OF KEPPEL REIT FOR THE  
FINANCIAL YEAR ENDED 31 DECEMBER 2014**

The information in this Appendix III has been reproduced from the annual report of Keppel REIT for the financial year ended 31 December 2014 and has not been specifically prepared for inclusion in this Information Memorandum.

## KEPPEL REIT & Its Subsidiaries

Financial Statements

For the financial year ended 31 December 2014





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

## FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

### CONTENTS

	Page
Report of the Trustee	1
Statement by the Manager	2
Independent Auditor's Report	3
Balance Sheets	4
Statement of Total Return	5
Distribution Statement	6
Portfolio Statement	7 – 9
Statements of Movements in Unitholders' Funds	10 – 12
Statement of Cash Flows	13 – 14
Notes to the Financial Statements	15 – 64

**KEPPEL REIT & ITS SUBSIDIARIES**  
**REPORT OF THE TRUSTEE**  
For the financial year ended 31 December 2014

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RBC Investor Services Trust Singapore Limited (the "Trustee") is under a duty to take into custody and hold the assets of Keppel REIT (the "Trust") and its subsidiaries (the "Group") in trust for the holders of units ("Unitholders") in Keppel REIT. In accordance with, inter alia, the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes and the Listing Manual (collectively referred to as the "laws and regulations"), the Trustee shall monitor the activities of Keppel REIT Management Limited (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 28 November 2005 (as amended) (the "Trust Deed") between the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report which shall contain the matters prescribed by the laws and regulations as well as recommendations of Statement of Recommended Accounting Practice 7 (Revised 2012) "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed Keppel REIT and its subsidiaries, during the period covered by these financial statements, set out on pages 4 to 65 comprising the Balance Sheets, Statement of Total Return, Distribution Statement, Portfolio Statement, Statements of Movements in Unitholders' Funds, Statement of Cash Flows and Notes to the Financial Statements, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed, laws and regulations and otherwise in accordance with the provisions of the Trust Deed.

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



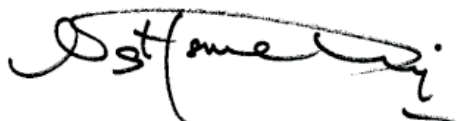
**Andrew Charles Allen**  
Managing Director  
Singapore, 16 February 2015

**KEPPEL REIT & ITS SUBSIDIARIES**  
**STATEMENT BY THE MANAGER**  
For the financial year ended 31 December 2014

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In the opinion of the directors of Keppel REIT Management Limited (the "Manager"), the accompanying financial statements set out on pages 4 to 64 comprising the Balance Sheets, Statement of Total Return, Distribution Statement, Portfolio Statement, Statements of Movements in Unitholders' Funds, Statement of Cash Flows and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial positions of the Group and the Trust as at 31 December 2014, the total return, distributable income, movements in Unitholders' funds and cash flows of the Group and the movements in Unitholders' funds of the Trust for the year ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 (Revised 2012) "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust would be able to meet their financial obligations as and when they materialise.

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



**Ng Hsueh Ling**  
Chief Executive Officer and Executive Director

Singapore, 16 February 2015

**KEPPEL REIT & ITS SUBSIDIARIES**  
**INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF KEPPEL REIT**  
**For the financial year ended 31 December 2014**

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**To the Unitholders of Keppel REIT**

We have audited the financial statements of Keppel REIT (the "Trust") and its subsidiaries (collectively, the "Group"), which comprise the Balance Sheets of the Group and the Trust and Portfolio Statement of the Group as at 31 December 2014, the Statements of Movements in Unitholders' Funds of the Group and the Trust, and the Statement of Total Return, Distribution Statement and Statement of Cash Flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 4 to 64.

*Manager's Responsibility for the Financial Statements*

The Manager of the Trust is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 (Revised 2012) "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the financial statements.

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

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial positions of the Group and the Trust as at 31 December 2014 and the total return, distributable income, movements in Unitholders' funds and cash flows of the Group, and the movements in Unitholders' funds of the Trust for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 (Revised 2012) "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants.



**ERNST & YOUNG LLP**  
Public Accountants and  
Chartered Accountants  
Singapore

16 February 2015

**KEPPEL REIT & ITS SUBSIDIARIES**  
**BALANCE SHEETS**  
**As at 31 December 2014**

	Note	Group		Trust	
		31.12.2014 \$'000	31.12.2013 \$'000	31.12.2014 \$'000	31.12.2013 \$'000
<b>Non-current assets</b>					
Investment properties	3	3,613,616	4,015,094	527,000	994,760
Investment in subsidiaries	4	–	–	1,837,852	1,837,852
Investment in associates	5	2,429,485	1,662,963	2,031,098	1,372,945
Advances to associates	8	613,222	606,222	613,222	606,222
Investment in joint ventures	6	288,931	137,271	–	–
Advances to joint ventures	8	99,853	178,039	–	–
Amount owing by subsidiaries	7	–	–	876,886	798,648
Fixed assets		142	23	–	–
Intangible asset	9	56,607	47,356	46,623	1,094
Derivative financial instruments	13	2,081	2,738	255	–
		<u>7,103,937</u>	<u>6,649,706</u>	<u>5,932,936</u>	<u>5,611,521</u>
<b>Current assets</b>					
Trade and other receivables	10	25,016	33,865	37,918	40,128
Prepaid expenses		629	1,010	23	22
Cash and bank balances	11	199,689	90,611	172,729	61,782
Derivative financial instruments	13	133	347	133	347
		<u>225,467</u>	<u>125,833</u>	<u>210,803</u>	<u>102,279</u>
<b>Total assets</b>		<b><u>7,329,404</u></b>	<b><u>6,775,539</u></b>	<b><u>6,143,739</u></b>	<b><u>5,713,800</u></b>
<b>Current liabilities</b>					
Trade and other payables	12	84,469	94,258	64,022	43,095
Income received in advance	14	1,043	1,621	239	239
Short term borrowings (secured)	15	174,950	–	174,950	–
Short term borrowings (unsecured)	15	99,974	281,953	99,974	281,953
Current portion of security deposits		3,223	3,927	508	852
Derivative financial instruments	13	9,071	6,559	9,071	6,559
Provision for taxation		7,641	10,858	7,400	10,998
		<u>380,371</u>	<u>399,176</u>	<u>356,164</u>	<u>343,696</u>
<b>Non-current liabilities</b>					
Income received in advance	14	61,871	19,585	61,021	17,907
Long term borrowings (secured)	15	464,030	882,642	–	423,920
Long term borrowings (unsecured)	15	1,926,409	1,518,263	1,928,554	1,520,722
Derivative financial instruments	13	6,894	21,966	4,724	20,332
Non-current portion of security deposits		25,074	30,183	3,237	9,281
Deferred tax liabilities	16	5,283	4,753	–	–
		<u>2,489,561</u>	<u>2,477,392</u>	<u>1,997,536</u>	<u>1,992,162</u>
<b>Total liabilities</b>		<b><u>2,869,932</u></b>	<b><u>2,876,568</u></b>	<b><u>2,353,700</u></b>	<b><u>2,335,858</u></b>
<b>Net assets</b>		<b><u>4,459,472</u></b>	<b><u>3,898,971</u></b>	<b><u>3,790,039</u></b>	<b><u>3,377,942</u></b>
Represented by:					
Unitholders' funds		4,457,420	3,896,993	3,790,039	3,377,942
Non-controlling interest		2,052	1,978	–	–
		<u>4,459,472</u>	<u>3,898,971</u>	<u>3,790,039</u>	<u>3,377,942</u>
<b>Units in issue ('000)</b>	17	<b>3,170,434</b>	<b>2,787,682</b>	<b>3,170,434</b>	<b>2,787,682</b>
<b>Net asset value per Unit (\$)</b>		<b>1.41</b>	<b>1.40</b>	<b>1.20</b>	<b>1.21</b>

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

**KEPPEL REIT & ITS SUBSIDIARIES**  
**STATEMENT OF TOTAL RETURN**  
For the financial year ended 31 December 2014

	Note	Group	
		2014 \$'000	2013 \$'000
Property income	18	184,093	174,043
Property expenses	19	(32,657)	(35,749)
<b>Net property income</b>		<b>151,436</b>	<b>138,294</b>
Rental support	20	50,011	72,873
Share of results of associates	5	60,745	62,134
Share of results of joint ventures	6	9,848	2,103
Interest income		37,432	36,953
Amortisation expense	9	(37,364)	(44,860)
Trust expenses	21	(52,943)	(49,758)
Borrowing costs	22	(60,124)	(55,178)
Changes in fair value of interest rate swap	13	(3,879)	–
<b>Net income before net change in fair value of investment properties and gain on divestment of investment property</b>		<b>155,162</b>	<b>162,561</b>
Gain on divestment of investment property		16,179	–
Net change in fair value of investment properties	23	212,191	389,141
<b>Total return before tax</b>		<b>383,532</b>	<b>551,702</b>
Income tax expense	24	(11,630)	(16,774)
<b>Total return for the year</b>		<b>371,902</b>	<b>534,928</b>
Attributable to:			
Unitholders		371,753	534,681
Non-controlling interest		149	247
		<b>371,902</b>	<b>534,928</b>
Basic and diluted earnings per Unit (cents) based on total return for the year	25	13.00	19.70
Basic and diluted earnings per Unit (cents) based on total return for the year and excluding net change in fair value of investment properties and gain on divestment of investment property	25	5.02	5.37

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

**KEPPEL REIT & ITS SUBSIDIARIES**  
**DISTRIBUTION STATEMENT**  
For the financial year ended 31 December 2014

	<b>2014</b>	<b>Group</b>	<b>2013</b>
	<b>\$'000</b>		<b>\$'000</b>
<b>Income available for distribution to Unitholders at beginning of the year</b>	54,841		52,066
Net income before net change in fair value of investment properties and gain on divestment of investment property	155,162		162,561
Net income attributable to non-controlling interest	(75)		(66)
Net tax and other adjustments (Note A)	62,685		68,322
Income tax expense	(11,630)		(16,774)
	<u>206,142</u>		<u>214,043</u>
Income available for distribution to Unitholders	260,983		266,109
Distributions to Unitholders:			
Distribution of 1.97 cents per Unit for the period from 1/10/2012 to 31/12/2012	–		(52,145)
Distribution of 1.97 cents per Unit for the period from 1/1/2013 to 31/3/2013	–		(52,187)
Distribution of 1.97 cents per Unit for the period from 1/4/2013 to 30/6/2013	–		(52,828)
Distribution of 1.97 cents per Unit for the period from 1/7/2013 to 30/9/2013	–		(54,108)
Distribution of 1.97 cents per Unit for the period from 1/10/2013 to 31/12/2013	(54,605)		–
Distribution of 1.97 cents per Unit for the period from 1/1/2014 to 31/3/2014	(55,047)		–
Distribution of 1.90 cents per Unit for the period from 1/4/2014 to 30/6/2014	(53,220)		–
Distribution of 1.85 cents per Unit for the period from 1/7/2014 to 30/9/2014	(52,027)		–
Distribution of 1.25 cents per Unit for the period from 1/10/2014 to 15/12/2014 <sup>1</sup>	(37,604)		–
Total Unitholders' distribution (including capital return) (Note B)	<u>(252,503)</u>		<u>(211,268)</u>
<b>Income available for distribution to Unitholders at end of the year</b>	<b>8,480</b>		<b>54,841</b>
<b>Note A – Net tax and other adjustments comprise:</b>			
- Manager's management fees paid and payable in Units	30,729		28,657
- Trustee's fees	1,085		1,018
- Amortisation of intangible asset and capitalised transaction costs	40,182		47,286
- Share of results of associates	(60,745)		(62,134)
- Share of results of joint ventures	(9,848)		(2,103)
- Effect of recognising rental income on a straight-line basis over the lease terms	(1,416)		(1,687)
- Interest income to be received	(1,218)		(4,601)
- Changes in fair value of interest rate swap	3,879		–
- Timing difference in remittance of overseas income	(14,377)		(10,608)
- Deferred tax	549		5,061
- Other items	473		1,984
	<u>(10,707)</u>		<u>2,873</u>
Dividend and distribution income from associates	66,449		64,593
Distribution income from joint ventures	6,943		856
<b>Net tax and other adjustments</b>	<b>62,685</b>		<b>68,322</b>
<b>Note B – Total Unitholders' distribution</b>			
- Taxable income	(141,525)		(90,477)
- Tax exempt income	(88,137)		(74,850)
- Capital return	(22,841)		(45,941)
	<u>(252,503)</u>		<u>(211,268)</u>

<sup>1</sup> This relates to the advanced distribution declared on 18 December 2014. The amount was subsequently paid on 21 January 2015.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**KEPPEL REIT & ITS SUBSIDIARIES**  
**PORTFOLIO STATEMENT**  
**As at 31 December 2014**

<u>Group</u>	Description of Property	Tenure of land	Term of lease	Remaining term of lease	Location	Existing use	Carrying value 2014 \$'000	Carrying Value 2013 \$'000	Percentage of net assets 2014 %	Percentage of net assets 2013 %	
	<b>Investment properties in Singapore</b>										
	Prudential Tower <sup>1</sup>	Leasehold	99 years	—	30 Cecil Street	Commercial	—	490,000	—	12.6	
	Bugis Junction Towers	Leasehold	99 years	74.7 years	230 Victoria Street	Commercial	527,000	504,760	11.8	12.9	
	Ocean Financial Centre <sup>2</sup>	Leasehold	99 years	95.9 years	10 Collyer Quay	Commercial	2,538,831	2,464,064	56.9	63.2	
	<b>Investment properties in Australia</b>										
	275 George Street <sup>3</sup>	Freehold <sup>4</sup>	NA	NA	Brisbane	Commercial	213,675	219,648	4.8	5.6	
	77 King Street office tower	Freehold <sup>4</sup>	NA	NA	Sydney	Commercial	139,860	143,000	3.1	3.7	
	8 Exhibition Street <sup>5</sup>	Freehold <sup>4</sup>	NA	NA	Melbourne	Commercial	194,250	193,622	4.4	5.0	
	<b>Investment properties, at valuation (Note 3)</b>										
	<b>Investments in associates and joint ventures, advances to associates and joint ventures (Notes 5, 6 and 8) and intangible asset (Note 9)</b>										
	Properties held by joint ventures:										
	8 Chifley Square <sup>6</sup>	Leasehold	99 years	90.3 years	Sydney	Commercial	3,488,098	2,631,851	78.2	67.5	
	Old Treasury Building <sup>7</sup>	Leasehold	99 years	NA <sup>8</sup>	Perth	Under development					
	Properties held by associates:										
	One Raffles Quay	Leasehold	99 years	85.4 years	1 Raffles Quay	Commercial					
	Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall	Leasehold	99 years	89.8 years	Nos. 8, 8A and 10 Marina Boulevard	Commercial					
	Marina Bay Financial Centre Tower 3 <sup>9</sup>	Leasehold	99 years	91.2 years	No. 12 Marina Boulevard	Commercial					
	<b>Other assets and liabilities (net)</b>							(2,642,242)	(2,747,974)	(59.2)	(70.5)
	<b>Net assets</b>							<b>4,459,472</b>	<b>3,898,971</b>	<b>100.0</b>	<b>100.0</b>

<sup>1</sup> Prudential Tower was divested on 26 September 2014.

<sup>2</sup> Carrying value is based on 100.0% of Ocean Financial Centre. Keppel REIT owns approximately 99.9% (2013: 99.9%) interest in Ocean Financial Centre.

<sup>3</sup> Comprises 50.0% (2013: 50.0%) interest in 275 George Street.

<sup>4</sup> Also known as estate in fee simple.

<sup>5</sup> Comprises 50.0% (2013: 50.0%) interest in 8 Exhibition Street.

<sup>6</sup> Comprises 50.0% (2013: 50.0%) interest in 8 Chifley Square, held through Mirvac 8 Chifley Trust.

<sup>7</sup> Comprises 50.0% (2013: 50.0%) interest in Old Treasury Building, held through Mirvac (Old Treasury) Trust.

<sup>8</sup> The 99-year leasehold tenure will commence on the date of practical completion of the property.

<sup>9</sup> Marina Bay Financial Centre Tower 3 was acquired on 16 December 2014.



**KEPPEL REIT & ITS SUBSIDIARIES**  
**PORTFOLIO STATEMENT**  
**As at 31 December 2014**

The carrying amounts of the Group's assets under management as at 31 December 2014 and 31 December 2013 were based on independent valuations undertaken by various independent valuers. The independent valuers have appropriate professional qualifications and experience in the location and category of the properties being valued. The below valuations were determined based on investment method, discounted cash flow analysis and direct comparison method, and assessed in accordance with the Group's respective interests in the properties and include rental support top-up payments, where applicable.

FY2014

<u>Property</u>	<u>Independent valuer</u>	<u>Date of valuation</u>	<u>Valuation</u> \$'000
Bugis Junction Towers	Savills Valuation and Professional Services (S) Pte Ltd	31 December 2014	527,000
Ocean Financial Centre	Colliers International Consultancy & Valuation (Singapore) Pte Ltd	31 December 2014	2,560,000 <sup>1</sup>
275 George Street	CBRE Valuations Pty Limited	31 December 2014	213,675
77 King Street office tower	CIVAS (NSW) Pty Limited	31 December 2014	139,860
8 Exhibition Street	m3Property (Vic) Pty Ltd	31 December 2014	194,250
One Raffles Quay	Knight Frank Pte Ltd	31 December 2014	1,228,000
Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall	Knight Frank Pte Ltd	31 December 2014	1,641,000
Marina Bay Financial Centre Tower 3	Cushman & Wakefield VHS Pte Ltd	31 December 2014	1,289,000
8 Chifley Square	CBRE Valuations Pty Limited	31 December 2014	205,905
Old Treasury Building	m3Property (Vic) Pty Ltd	31 December 2014	186,036
			8,184,726

**KEPPEL REIT & ITS SUBSIDIARIES**  
**PORTFOLIO STATEMENT**  
**As at 31 December 2014**

FY2013

<u>Property</u>	<u>Independent valuer</u>	<u>Date of valuation</u>	<u>Valuation</u> \$'000
Prudential Tower	Cushman & Wakefield VHS Pte Ltd	31 December 2013	490,000
Bugis Junction Towers	Savills Valuation and Professional Services (S) Pte Ltd	31 December 2013	504,760
Ocean Financial Centre	Colliers International Consultancy & Valuation (Singapore) Pte Ltd	31 December 2013	2,515,000 <sup>1</sup>
275 George Street	CBRE Valuations Pty Limited	31 December 2013	219,648
77 King Street office tower	CBRE Valuations Pty Limited	31 December 2013	143,000
8 Exhibition Street	m3Property (Vic) Pty Ltd	31 December 2013	193,622
One Raffles Quay	Colliers International Consultancy & Valuation (Singapore) Pte Ltd	31 December 2013	1,200,000
Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall	Colliers International Consultancy & Valuation (Singapore) Pte Ltd	31 December 2013	1,609,000
8 Chifley Square	CBRE Valuations Pty Limited	31 December 2013	197,340
Old Treasury Building	m3Property (Vic) Pty Ltd	31 December 2013	128,128
			7,200,498

<sup>1</sup> The carrying value based on 100.0% interest in Ocean Financial Centre, excluding rental support top-up payment, is \$2,538,831,000 (2013: \$2,464,064,000).

The investment properties comprised commercial properties that are mainly leased to third party tenants. Generally, these leases contain an initial non-cancellable period of between 2 and 25 years. Subsequent renewals are negotiated with individual lessee.

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

**KEPPEL REIT & ITS SUBSIDIARIES**  
**STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS**  
For the financial year ended 31 December 2014

	Attributable to Unitholders							Total \$'000
	Units in issue \$'000	Foreign currency translation reserve \$'000	Hedging reserve \$'000	Accumulated profits \$'000	Discount on acquisition of non-controlling interest \$'000	Unitholders' funds \$'000	Non- controlling interest \$'000	
<b>Group</b>								
<b>At 1 January 2014</b>	2,924,291	(94,828)	(28,003)	1,092,311	3,222	3,896,993	1,978	3,898,971
<b>Operations</b>								
Total return for the year	-	-	-	371,753	-	371,753	149	371,902
Net increase in assets resulting from operations	-	-	-	371,753	-	371,753	149	371,902
<b>Unitholders' transactions</b>								
Creation of Units								
- payment of management fees in Units	30,669	-	-	-	-	30,669	-	30,669
- placement of Units	228,150	-	-	-	-	228,150	-	228,150
- payment of purchase consideration in Units (Note 5)	185,000	-	-	-	-	185,000	-	185,000
- payment of acquisition fees in Units	11,988	-	-	-	-	11,988	-	11,988
Issue expenses	(3,162)	-	-	-	-	(3,162)	-	(3,162)
Distributions to Unitholders	(22,841)	-	-	(229,662)	-	(252,503)	-	(252,503)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	429,804	-	-	(229,662)	-	200,142	-	200,142
Net movement in foreign currency translation reserve	-	(28,336)	-	-	-	(28,336)	-	(28,336)
Net change in fair value of cash flow hedges	-	-	15,569	-	-	15,569	(1)	15,568
Share of net change in fair value of cash flow hedges of an associate	-	-	1,299	-	-	1,299	-	1,299
Distribution of partnership profits to non-controlling interest	-	-	-	-	-	-	(74)	(74)
<b>At 31 December 2014</b>	<b>3,354,095</b>	<b>(123,164)</b>	<b>(11,135)</b>	<b>1,234,402</b>	<b>3,222</b>	<b>4,457,420</b>	<b>2,052</b>	<b>4,459,472</b>

**KEPPEL REIT & ITS SUBSIDIARIES**  
**STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS**  
For the financial year ended 31 December 2014

	Attributable to Unitholders							Total \$'000
	Units in issue \$'000	Foreign currency translation reserve \$'000	Hedging reserve \$'000	Accumulated profits \$'000	Discount on acquisition of non-controlling interest \$'000	Unitholders' funds \$'000	Non- controlling interest \$'000	
<b>Group</b>								
<b>At 1 January 2013</b>	2,771,684	(4,138)	(28,599)	722,957	2,253	3,464,157	1,811	3,465,968
<b>Operations</b>								
Total return for the year	-	-	-	534,681	-	534,681	247	534,928
Net increase in assets resulting from operations	-	-	-	534,681	-	534,681	247	534,928
<b>Unitholders' transactions</b>								
Creation of Units								
- payment of management fees in Units	27,838	-	-	-	-	27,838	-	27,838
- placement of Units	172,900	-	-	-	-	172,900	-	172,900
Issue expenses	(2,190)	-	-	-	-	(2,190)	-	(2,190)
Distributions to Unitholders	(45,941)	-	-	(165,327)	-	(211,268)	-	(211,268)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	152,607	-	-	(165,327)	-	(12,720)	-	(12,720)
Acquisition expenses adjustments	-	-	-	-	969	969	-	969
Net movement in foreign currency translation reserve	-	(90,690)	-	-	-	(90,690)	-	(90,690)
Net change in fair value of cash flow hedges	-	-	(163)	-	-	(163)	2	(161)
Share of net change in fair value of cash flow hedges of an associate	-	-	759	-	-	759	-	759
Distribution of partnership profits to non-controlling interest	-	-	-	-	-	-	(82)	(82)
<b>At 31 December 2013</b>	<b>2,924,291</b>	<b>(94,828)</b>	<b>(28,003)</b>	<b>1,092,311</b>	<b>3,222</b>	<b>3,896,993</b>	<b>1,978</b>	<b>3,898,971</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**KEPPEL REIT & ITS SUBSIDIARIES**  
**STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS**  
For the financial year ended 31 December 2014

	Trust			Total \$'000
	Units in issue \$'000	Hedging reserve \$'000	Accumulated profits \$'000	
<b>At 1 January 2014</b>	<b>2,924,291</b>	<b>(26,233)</b>	<b>479,884</b>	<b>3,377,942</b>
<b>Operations</b>				
Total return for the year	–	–	195,250	195,250
Net increase in assets resulting from operations	–	–	195,250	195,250
<b>Unitholders' transactions</b>				
Creation of Units				
- payment of management fees in Units	30,669	–	–	30,669
- placement of Units	228,150	–	–	228,150
- payment of purchase consideration in Units (Note 5)	185,000	–	–	185,000
- payment of acquisition fees in Units	11,988	–	–	11,988
Issue expenses	(3,162)	–	–	(3,162)
Distributions to Unitholders	(22,841)	–	(229,662)	(252,503)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	429,804	–	(229,662)	200,142
Net change in fair value of cash flow hedges	–	16,705	–	16,705
<b>At 31 December 2014</b>	<b>3,354,095</b>	<b>(9,528)</b>	<b>445,472</b>	<b>3,790,039</b>
<b>At 1 January 2013</b>	<b>2,771,684</b>	<b>(25,128)</b>	<b>497,637</b>	<b>3,244,193</b>
<b>Operations</b>				
Total return for the year	–	–	147,574	147,574
Net increase in assets resulting from operations	–	–	147,574	147,574
<b>Unitholders' transactions</b>				
Creation of Units				
- payment of management fees in Units	27,838	–	–	27,838
- placement of Units	172,900	–	–	172,900
Issue expenses	(2,190)	–	–	(2,190)
Distributions to Unitholders	(45,941)	–	(165,327)	(211,268)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	152,607	–	(165,327)	(12,720)
Net change in fair value of cash flow hedges	–	(1,105)	–	(1,105)
<b>At 31 December 2013</b>	<b>2,924,291</b>	<b>(26,233)</b>	<b>479,884</b>	<b>3,377,942</b>

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

**KEPPEL REIT & ITS SUBSIDIARIES**  
**STATEMENT OF CASH FLOWS**  
For the financial year ended 31 December 2014

	<u>Group</u>	
	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Operating activities</b>		
Total return before tax	383,532	551,702
Adjustments for:		
Interest income	(37,432)	(36,953)
Amortisation expense	37,364	44,860
Share of results of associates	(60,745)	(62,134)
Share of results of joint ventures	(9,848)	(2,103)
Borrowing costs	60,124	55,178
Management fees paid and payable in Units	30,729	28,657
Gain on divestment of investment property	(16,179)	–
Changes in fair value of interest rate swap	3,879	–
Net change in fair value of investment properties	(212,191)	(389,141)
Depreciation	42	15
Rental support income	(50,011)	(72,873)
Translation differences	1,532	3,728
<b>Operating cash flows before changes in working capital</b>	<u>130,796</u>	<u>120,936</u>
Increase in receivables	(7,675)	(5,544)
Decrease in payables	(60,490)	(40,898)
(Decrease)/Increase in security deposits	(5,813)	1,179
Cash flows from operations	<u>56,818</u>	<u>75,673</u>
Income taxes paid	(14,257)	(15,418)
<b>Net cash flows generated from operating activities</b>	<u>42,561</u>	<u>60,255</u>
<b>Investing activities</b>		
Purchase of investment property	–	(187,184)
Subsequent expenditure on investment properties	(2,118)	(17,805)
Purchase of fixed assets	(162)	–
Proceeds from divestment of investment property, net of divestment costs	506,527	–
Interest received	40,815	34,422
Rental support received	58,902	72,644
Dividend and distribution income received from associates	66,449	64,593
Distribution income received from joint ventures	6,943	856
Investment in joint ventures	(63,767)	(70,762)
Advances to joint ventures	(36,223)	(118,717)
Investment in an associate (Note A)	(478,186)	(1,735)
Advances to an associate	(7,000)	–
<b>Net cash flows generated from/(used in) investing activities</b>	<u>92,180</u>	<u>(223,688)</u>
<b>Financing activities</b>		
Loans drawdown	487,334	968,834
Repayment of loans	(506,975)	(707,883)
Proceeds from placement of Units	228,150	172,900
Payment of upfront debt arrangement costs	(1,279)	(3,206)
Distribution of partnership profits to non-controlling interest	(69)	(76)
Distributions to Unitholders	(214,899)	(211,268)
Interest paid	(56,462)	(52,603)
Issue expenses	(3,162)	(2,190)
<b>Net cash flows (used in)/generated from financing activities</b>	<u>(67,362)</u>	<u>164,508</u>

**KEPPEL REIT & ITS SUBSIDIARIES**  
**STATEMENT OF CASH FLOWS**  
For the financial year ended 31 December 2014

	<u>Group</u>	
	2014	2013
	\$'000	\$'000
<b>Net increase in cash and cash equivalents</b>	<b>67,379</b>	<b>1,075</b>
Cash and cash equivalents at beginning of the year	71,140	71,766
Effect of exchange rate changes on cash and cash equivalents	(701)	(1,701)
<b>Cash and cash equivalents at end of the year (Note 11)</b>	<b>137,818</b>	<b>71,140</b>
<b>Cash and bank balances</b>	<b>199,689</b>	<b>90,611</b>
Less: Rental support received in advance held in designated accounts (Note B)	(61,871)	(19,471)
<b>Cash and cash equivalents per Statement of Cash Flows</b>	<b>137,818</b>	<b>71,140</b>

Note A – Net cash outflow on investment in an associate

On 16 December 2014, Keppel REIT acquired one-third of the issued share capital in Central Boulevard Development Pte. Ltd. (“CBDPL”), which holds Marina Bay Financial Centre (“MBFC”) Tower 3. The net cash outflow on the investment in CBDPL is set out below:

	\$'000
Aggregate consideration paid for investment in CBDPL (Note 5)	715,129
Acquisition costs	15,603
Less:	
Rental support received in advance	(49,205)
Purchase consideration paid in Units	(185,000)
Acquisition fees paid in Units	(11,988)
Accrued acquisition costs (Note 12)	(1,768)
Pre-acquisition dividend received	(4,585)
<b>Net cash outflow on investment in an associate</b>	<b>478,186</b>

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

This relates to the rental support top-up payments received in advance by the Group held in designated accounts for the one-third interest in CBDPL, 12.39% interest in Ocean Properties LLP (“OPLLP”) and the office tower at 77 King Street. In the prior year, this relates to the rental support top-up payments received in advance by the Group held in designated accounts for the additional 29.00% and 19.40% interests in Prudential Tower, the 12.39% interest in OPLLP and the office tower at 77 King Street.

Note C – Significant non-cash transactions

The following were the significant non-cash transactions:

- (i) 25,675,626 (2013: 21,501,637) Units were issued as payment of management fees to the Manager, amounting to \$30,669,000 (2013: \$27,838,000);
- (ii) 152,213,000 Units were issued during the financial year ended 31 December 2014 as partial satisfaction of the purchase consideration for the acquisition of the one-third interest in CBDPL (Note 5), amounting to \$185,000,000; and
- (iii) 9,863,378 Units were issued during the financial year ended 31 December 2014 as payment of acquisition fee to the Manager in relation to the acquisition of the one-third interest in CBDPL amounting to \$11,988,000.

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the financial year ended 31 December 2014**

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**These notes form an integral part of the financial statements.**

The financial statements of Keppel REIT (the "Trust") and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2014 were authorised for issue by the Manager on 16 February 2015.

**1. General**

Keppel REIT is a Singapore-domiciled real estate investment trust constituted by the Trust Deed dated 28 November 2005 (as amended) (the "Trust Deed") between Keppel REIT Management Limited (the "Manager") and RBC Investor Services Trust Singapore Limited (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust and its subsidiaries in trust for the holders ("Unitholders") of units in the Trust (the "Units"). The address of the Trustee's registered office and principal place of business is 77 Robinson Road, #18-00 Robinson 77, Singapore 068896.

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

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

*(a) Property management fees*

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

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

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

The property management fees are payable monthly in arrears.



**1. General (cont'd)**

*(b) Manager's management fees*

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

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

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

The Manager's management fees are payable quarterly in arrears.

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

*(c) Trustee's fees*

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

**2. Summary of significant accounting policies**

*(a) Basis of preparation*

The financial statement of the Group have been prepared in accordance with the recommendations of Statement of Recommended Accounting Practice 7 (Revised 2012) "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants. The financial statements have also been prepared in accordance with the applicable requirements of the Code on Collective Investment Schemes ("CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed. RAP 7 requires the accounting policies to generally comply with the principles relating to recognition and measurement under the Singapore Financial Reporting Standards ("FRS").

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

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the financial year ended 31 December 2014**

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**2. Summary of significant accounting policies (cont'd)**

*(b) Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards that are effective for annual periods beginning on 1 January 2014. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Trust, and only affects disclosures.

*(c) Standards issued but not yet effective*

The Group has not adopted the following standards that have been issued but not yet effective:

<u>Reference</u>	<u>Description</u>	<u>Effective date (Annual periods beginning on or after)</u>
Improvements to FRSs (January 2014):		
- Amendments to FRS 16	Property, Plant & Equipment	1 July 2014
- Amendments to FRS 24	Related Party Disclosures	1 July 2014
- Amendments to FRS 38	Intangible Assets	1 July 2014
- Amendments to FRS 102	Share-based Payment	1 July 2014
- Amendments to FRS 103	Business Combinations	1 July 2014
- Amendments to FRS 108	Operating Segments	1 July 2014
Improvements to FRSs (February 2014):		
- Amendments to FRS 40	Investment Property	1 July 2014
- Amendments to FRS 103	Business Combinations	1 July 2014
- Amendments to FRS 113	Fair Value Measurement	1 July 2014
Improvements to FRSs (November 2014):		
- FRS 34	Interim Financial Reporting	1 January 2016
- FRS 107	Financial Instruments: Disclosures	1 January 2016
Amendments to FRS 16 and FRS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 27	Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 111	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 1	Disclosure Initiative	1 January 2016
FRS 115	Revenue From Contracts With Customers	1 January 2017
FRS 109	Financial Instruments	1 January 2018

The Manager is presently assessing the impact of these standards on the financial statements and plans to adopt the new standards on the required effective date.

*(d) Basis of consolidation*

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

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

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

**2. Summary of significant accounting policies (cont'd)**

*(d) Basis of consolidation (cont'd)*

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

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

*(e) Transactions with non-controlling interest*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to Unitholders of the Trust, and are presented separately in the Statement of Total Return and within equity in the consolidated Balance Sheet, separately from equity attributable to the Unitholders of the Trust.

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

*(f) Functional and foreign currency*

*(i) Functional currency*

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

*(ii) Foreign currency transactions and balances*

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

**2. Summary of significant accounting policies (cont'd)**

(f) *Functional and foreign currency (cont'd)*

(ii) Foreign currency transactions and balances (cont'd)

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

(iii) Consolidated financial statements

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

(g) *Investment properties*

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

Investment properties are initially recorded at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

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

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

(h) *Fixed assets*

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

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

Computer	3 years
Machinery and equipment	5 years

**2. Summary of significant accounting policies (cont'd)**

*(h) Fixed assets (cont'd)*

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

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

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

*(i) Subsidiaries*

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

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

*(j) Joint arrangements*

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture. The Group does not have any joint operation.

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2(k).

*(k) Joint ventures and associates*

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

**2. Summary of significant accounting policies (cont'd)**

*(k) Joint ventures and associates (cont'd)*

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's Statement of Total Return in the period in which the investment is acquired.

Under the equity method, the investment in associates or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The Statement of Total Return reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associates or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in Statement of Total Return.

The financial statements of the associates and joint ventures are prepared as of the same reporting date as the Trust. Property held for sale is stated at the lower of cost and net realisable value. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group, and adjustments are made for the effects of significant transactions or events that occur between that date and the reporting date of the Trust.

*(l) Intangible assets*

Intangible assets, which relate to rental support top-up payments, are measured initially at cost, being the fair value as at the date of acquisition. Following initial recognition, intangible assets are measured at cost less any accumulated amortisation and any impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expenses on intangible assets with finite useful lives are recognised in the Statement of Total Return.

**2. Summary of significant accounting policies (cont'd)**

*(l) Intangible assets (cont'd)*

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Total Return when the asset is derecognised.

*(m) Impairment of non-financial assets*

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in the Statement of Total Return, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the Statement of Total Return.

*(n) Financial instruments*

Financial assets

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

The subsequent measurement of financial assets depends on their classification as follows:

*(i) Loans and receivables*

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the Statement of Total Return when the loans and receivables are derecognised or impaired, and through the amortisation process.

**2. Summary of significant accounting policies (cont'd)**

(n) *Financial instruments (cont'd)*

Financial assets (cont'd)

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the Statement of Total Return when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in the Statement of Total Return.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

Financial liabilities

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the Statement of Total Return when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Total Return.



**2. Summary of significant accounting policies (cont'd)**

*(o) Impairment of financial assets*

The Group assesses at each reporting period whether there is any objective evidence that a financial asset is impaired.

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the Statement of Total Return.

When the cash flow becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amount charged to the allowance account is written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the Statement of Total Return.

*(p) Cash and cash equivalents*

Cash and cash equivalents comprise cash at banks and on hand, and demand deposits, and excludes amounts which are restricted for use.

*(q) Unit capital and issuance expenses*

Proceeds from issuance of Units are recognised as units in issue in Unitholders' funds. Incidental costs directly attributable to the issuance of Units are deducted against Unitholders' funds.

*(r) Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

**2. Summary of significant accounting policies (cont'd)**

(r) *Provisions (cont'd)*

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(s) *Leases – as lessor*

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. The accounting policy for rental income is set out in Note 2(t)(i). Contingent rents are recognised as revenue in the period in which they are earned.

(t) *Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(i) Rental income

Rental income arising from investment properties is accounted for on a straight-line basis over the lease terms. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

(ii) Interest income

Interest income is recognised using the effective interest method.

(iii) Rental support, dividend income and distribution income

Rental support, dividend income and distribution income are recognised when the Group's right to receive payment is established.

(u) *Expenses*

(i) Trust expenses

Trust expenses are recognised on accrual basis.

(ii) Property expenses

Property expenses are recognised on accrual basis. Included in property expenses is property management fees which is based on the applicable formula stipulated in Note 1(a).

**2. Summary of significant accounting policies (cont'd)**

(u) *Expenses (cont'd)*

(iii) Manager's management fees

Manager's management fees are recognised on an accrual basis based on the applicable formula stipulated in Note 1(b).

(iv) Borrowing costs

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds, and are recognised in the period they occur.

(v) *Taxation*

(i) Current income tax

Current income tax is the expected tax payable on the taxable income for the year, using tax rates and tax laws enacted or substantively enacted at the reporting date.

(ii) Deferred tax

Deferred tax is provided, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which those assets and liabilities are expected to be realised or settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

(iii) Tax transparency

The Inland Revenue Authority of Singapore ("IRAS") has issued a tax ruling on the income tax treatment of the Trust. Subject to meeting the terms and conditions of the tax ruling which includes a distribution of at least 90% of the taxable income of the Trust, the Group will not be assessed for tax on the portion of its taxable income that is distributed to Unitholders. Any portion of the Group's taxable income that is not distributed to Unitholders will be taxed at the prevailing corporate tax rate.

In the event that there are subsequent adjustments to the taxable income when the actual taxable income of the Group is finally agreed with the IRAS, such adjustments are taken up as an adjustment to the amount distributed for the next distribution following the agreement with the IRAS.

**2. Summary of significant accounting policies (cont'd)**

(v) *Taxation (cont'd)*

(iii) Tax transparency (cont'd)

The distributions made by the Trust out of its taxable income are subject to tax in the hands of Unitholders, unless they are exempt from tax on the Trust's distributions (the "tax transparency ruling"). The Trust is required to withhold tax at the prevailing corporate tax rate on the distributions made by the Trust except:

- a) where the beneficial owners are individuals or Qualifying Unitholders, the Trust will make the distributions to such Unitholders without withholding any income tax; and
- b) where the beneficial owners are foreign non-individual investors or where the Units are held by nominee Unitholders who can demonstrate that the Units are held for beneficial owners who are foreign non-individual investors, the Trust will withhold tax at a reduced rate of 10% from the distributions.

A Qualifying Unitholder is a Unitholder who is:

- a) A tax resident Singapore-incorporated company;
- b) A non-corporate Singapore constituted or registered entity (e.g. registered charities, town councils, statutory boards, registered co-operative societies and registered trade unions);
- c) A Singapore branch of a foreign company which has presented a letter of approval from the IRAS granting a specific waiver from tax deducted at source in respect of distributions from the Trust;
- d) An agent bank or a Supplementary Retirement Scheme ("SRS") operator who act as nominee for individuals who have purchased Units in the Trust under the CPF Investment Scheme or the SRS respectively; or
- e) A nominee who can demonstrate that the Units are held for beneficial owners who are individuals or who fall within the classes of Unitholders listed in (a) to (c) above.

The above tax transparency ruling does not apply to gains from sale of real properties. Such gains, if they are considered as trading gains, are assessable to tax on the Trust. Where the gains are capital gains, the Trust will not be assessed to tax and may distribute the capital gains to Unitholders without having to deduct tax at source.

Any distributions made by the Trust to the Unitholders out of tax-exempt income and taxed income would be exempt from Singapore income tax in the hands of all Unitholders, regardless of their corporate or residence status.

**2. Summary of significant accounting policies (cont'd)**

(v) *Taxation (cont'd)*

(iv) Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables on the Balance Sheets.

(w) *Portfolio reporting*

For management purposes, the Group is organised into operating segments based on individual investment property within the Group's portfolio, and prepares financial information on a property by property basis. The properties are independently managed by property managers who are responsible for the performance of the property under their charge. Discrete financial information is provided to the Board on a property by property basis. The Board regularly reviews this information in order to allocate resources to each property and to assess the property's performance.

(x) *Hedge accounting*

The Group applies hedge accounting for certain hedging transactions which qualify for hedge accounting.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

**2. Summary of significant accounting policies (cont'd)**

(x) *Hedge accounting (cont'd)*

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in hedging reserve in Unitholders' funds, while any ineffective portion is recognised immediately in the Statement of Total Return.

Amounts recognised in hedging reserve in Unitholders' funds are transferred to the Statement of Total Return when the hedge transaction affects Statement of Total Return, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in hedging reserve in Unitholders' funds is transferred to the Statement of Total Return. If the hedging instrument has expired or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in hedging reserve in Unitholders' funds remains in Unitholders' funds until the forecast transaction or firm commitment affects Statement of Total Return.

The Group uses interest rate swaps to hedge its exposure to interest rate risk for bank loans with floating interest rates. Details of interest rate swaps are disclosed in Note 13.

The Group uses forward currency contracts to hedge foreign currency risk arising from the cash flows of its foreign investment properties in Australia and firm commitments in relation to the progressive payments for the subscription of units and convertible notes in joint ventures in Australia. Details of the forward currency contracts are disclosed in Note 13.

(y) *Related parties*

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and the Trust if that person:
  - (i) has control or joint control over the Trust;
  - (ii) has significant influence over the Trust; or
  - (iii) is a member of the key management personnel of the Trust's Manager or of a parent of the Trust.
- (b) An entity is related to the Group and the Trust if any of the following conditions applies:
  - (i) The entity and the Trust are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

**2. Summary of significant accounting policies (cont'd)**

(y) *Related parties (cont'd)*

(b) An entity is related to the Group and the Trust if any of the following conditions applies:  
(cont'd)

- (v) The entity is a post-employment benefit plan for the benefit of employees of an entity related to the Trust. If the Trust is itself such a plan, the sponsoring employers are also related to the Trust;
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(z) *Significant accounting judgments and estimates*

The preparation of the financial statements in conformity with RAP 7 requires the Manager to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income, expenses and disclosures made. The estimates and associated assumptions are based on historical experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates and underlying assumptions are reviewed on an ongoing basis. Financial impact arising from revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follow:

Valuation of investment properties

Investment properties are stated at fair value, with changes in fair values being recognised in the Statement of Total Return. The Group engaged independent professional valuers to determine fair value as at the financial year-end.

The fair value of investment properties held by the Group and through its associates and joint ventures is determined by independent real estate valuation experts using approved valuation methodologies. In determining the fair value, the valuers have used valuation methods which involve estimates and discount rates applicable to those assets. The Manager is satisfied that the valuation methods and estimates are reflective of current market conditions. The determined fair value of the investment properties is most sensitive to the estimated yield as well as the vacancy assumptions.

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the financial year ended 31 December 2014**

**3. Investment properties**

	<u>Group</u>		<u>Trust</u>	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
At 1 January	4,015,094	3,614,744	994,760	942,034
Translation differences	(11,558)	(59,235)	–	–
Purchase of investment property	–	187,184	–	–
Divestment of investment property	(490,000)	–	(490,000)	–
Capital expenditure capitalised	2,118	17,805	749	3,340
Net change in fair value of investment properties (Note 23)	<u>97,962</u>	<u>254,596</u>	<u>21,491</u>	<u>49,386</u>
At 31 December	<u>3,613,616</u>	<u>4,015,094</u>	<u>527,000</u>	<u>994,760</u>

Investment properties are stated at fair value based on valuations performed by independent valuers. In determining the fair value, the valuers have used direct comparison method, investment method and discounted cash flows analysis which make reference to estimated market rental values and equivalent yields. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalisation yields, terminal yields and discount rates. Details of valuation techniques and inputs used are disclosed in Note 29.

On 26 September 2014, Keppel REIT divested its 92.8% interest in Prudential Tower, for an aggregate consideration of \$512.0 million.

The Group has mortgaged certain investment properties of up to an aggregate principal amount of \$1,427,000,000 (2013: \$1,790,840,000) as security for credit facilities granted (Note 15).

**4. Investment in subsidiaries**

	<u>Trust</u>	
	2014 \$'000	2013 \$'000
Unquoted equity, at cost	<u>1,837,852</u>	<u>1,837,852</u>

<u>Name</u>	<u>Country of incorporation /constitution</u>	<u>Principal activities</u>	<u>Effective equity interest</u>	
			2014 %	2013 %
<b>Held by the Trust</b>				
Keppel REIT MTN Pte. Ltd. <sup>1</sup>	Singapore	Provision of treasury services	100.00	100.00
Keppel REIT (Australia) Pte. Ltd. <sup>2</sup>	Singapore	Investment holding	100.00	100.00
Keppel REIT Fin. Company Pte. Ltd. <sup>2</sup>	Singapore	Provision of treasury services	100.00	100.00



**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the financial year ended 31 December 2014**

**4. Investment in subsidiaries (cont'd)**

<u>Name</u>	<u>Country of incorporation /constitution</u>	<u>Principal activities</u>	<u>Effective equity interest</u>	
			2014 %	2013 %
Ocean Properties LLP ("OPLLP") <sup>2</sup>	Singapore	Property investment	~99.90 <sup>5</sup>	~99.90 <sup>5</sup>
<b>Held through Keppel REIT (Australia) Pte. Ltd.</b>				
Keppel REIT (Bermuda) Limited <sup>3</sup>	Bermuda	Investment holding	100.00	100.00
Keppel REIT (Australia) Trust <sup>4</sup>	Australia	Investment in real estate properties	100.00	100.00
Keppel REIT (Australia) Sub-Trust 1 <sup>4</sup>	Australia	Investment in real estate properties	100.00	100.00
Keppel REIT (Australia) Sub-Trust 2 <sup>4</sup>	Australia	Investment holding	100.00	100.00
Keppel REIT (Australia) Sub-Trust 3 <sup>4</sup>	Australia	Investment holding	100.00	100.00
Keppel REIT (Australia) Sub-Trust 4 <sup>4</sup>	Australia	Investment in real estate properties	100.00	100.00

<sup>1</sup> Keppel REIT MTN Pte. Ltd. ("KRMTN") was incorporated to provide treasury services which include funding the Trust using proceeds from the issuance of notes under an unsecured multicurrency medium term programme. There was no drawdown made on the medium term notes facility held by KRMTN during the financial year, as the company remains dormant during the year. KRMTN is unaudited as there is no statutory requirement for the financial statements of a dormant company to be audited.

<sup>2</sup> Audited by Ernst & Young LLP, Singapore.

<sup>3</sup> There is no statutory requirement for the financial statements of Keppel REIT (Bermuda) Limited to be audited.

<sup>4</sup> Audited by Ernst & Young LLP, Australia.

<sup>5</sup> OPLLP owns Ocean Financial Centre. For the approximate 87.51% equity interest in OPLLP which the Trust acquired on 14 December 2011 for a period of 99 years from Straits Property Investments Pte Ltd ("SPIPL"), the Trust granted a call option under an option deed to SPIPL for the right to acquire the approximate 87.51% equity interest in OPLLP for \$1.00 at the expiry of the 99-year period after the acquisition date. Under the option deed, the Trust shall not dispose of its legal or beneficial interest in OPLLP to any person unless SPIPL's right of first refusal has lapsed. In addition, if any of certain specified events occurs anytime during the 99 years after the acquisition date, SPIPL has the right to procure OPLLP to take the necessary steps to carve out and transfer a leasehold title of the remaining tenure to a special purpose vehicle owned by SPIPL and the non-controlling interest.

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the financial year ended 31 December 2014**

**4. Investment in subsidiaries (cont'd)**

5. On 25 June 2012, the Trust acquired an approximate 12.39% additional interest in OPLLP from a third party, Avan Investment Pte Ltd ("AIPL") for a period of 99 years from 14 December 2011. This acquisition increases the Group's interest in OPLLP from an approximate 87.51% to approximate 99.90%. AIPL continues to hold a remaining equity interest of approximate 0.10% in OPLLP (the "non-controlling interest"). The Trust also entered into an option deed pursuant to which AIPL shall have the right to acquire the approximately 12.39% interest in OPLLP for \$1.00 consideration, such option to be exercisable only after the expiry of a period of 99 years after 14 December 2011.

**5. Investment in associates**

	<u>Group</u>		<u>Trust</u>	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Unquoted equity, at cost	2,031,098	1,372,945	2,031,098	1,372,945
Share of post-acquisition reserves	398,387	290,018	—	—
	<u>2,429,485</u>	<u>1,662,963</u>	<u>2,031,098</u>	<u>1,372,945</u>

The movement in share of post-acquisition reserves is as follows:

	<u>Group</u>	
	2014 \$'000	2013 \$'000
At 1 January	290,018	176,905
Share of results of associates		
- Profit excluding net change in fair value of investment properties	60,745	62,134
- Net change in fair value of investment properties held by associates (Note 23)	102,981	120,040
- Effects of recognising rental income on a straight line basis over lease term	9,793	(5,227)
	173,519	176,947
Share of net change in fair value of cash flow hedges	1,299	759
Dividend and distribution income received	(66,449)	(64,593)
At 31 December	<u>398,387</u>	<u>290,018</u>

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the financial year ended 31 December 2014**

**5. Investment in associates (cont'd)**

Details of the associates are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Effective equity interest</u>	
			2014 %	2013 %
One Raffles Quay Pte Ltd <sup>1</sup>	Singapore	Property development and investment	33.33	33.33
BFC Development LLP <sup>2</sup>	Singapore	Property development and investment	33.33	33.33
Central Boulevard Development Pte. Ltd. <sup>3</sup>	Singapore	Property development and investment	33.33	–

<sup>1</sup> Audited by Ernst & Young LLP, Singapore.  
One Raffles Quay Pte Ltd (“ORQPL”) is the owner of One Raffles Quay.

<sup>2</sup> Audited by Ernst & Young LLP, Singapore.  
BFC Development LLP (“BFCDLLP”) is the owner of MBFC Towers 1 & 2 and Marina Bay Link Mall.

<sup>3</sup> Audited by Ernst & Young LLP, Singapore.  
CBDPL is the owner of MBFC Tower 3.

On 16 December 2014, the Trust acquired one-third of the issued share capital of CBDPL which holds MBFC Tower 3, from Bayfront Development Pte. Ltd. (which is a wholly-owned subsidiary of Keppel Land Properties Pte Ltd, which is in turn a wholly-owned subsidiary of Keppel Land Limited) (the “Vendor”), for a total agreed value of \$1,248.0 million, which includes an approximate \$49.2 million of rental support for up to five years. Excluding the net liabilities of \$532.9 million carried at CBDPL, the amount paid to the Vendor was approximately \$715.1 million.

Keppel REIT funded the acquisition through:

- (a) the issuance of 152,213,000 new Units amounting to approximately \$185.0 million as partial consideration;
- (b) net proceeds from the placement of Units of \$224.9 million;
- (c) approximately \$185.2 million of proceeds from the divestment of Prudential Tower; and
- (d) bank borrowings of \$120.0 million.

CBDPL took a secured loan facility, with Keppel REIT’s proportionate share of the loan facility at \$540.0 million. This loan is mortgaged against an aggregate principal amount of up to \$833.3 million of Keppel REIT’s one-third share in MBFC Tower 3.

The Group does not equity account for the results of Marina Bay Residences Pte. Ltd. (“MBRPL”) and Marina Bay Suites Pte. Ltd. (“MBSPL”), which are wholly-owned subsidiaries of BFCDLLP and CBDPL respectively, as the acquisitions of the respective one-third interests in BFCDLLP and CBDPL were structured to effectively exclude any significant interests in MBRPL and MBSPL respectively.

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the financial year ended 31 December 2014**

**5. Investment in associates (cont'd)**

Deeds of undertaking have been signed between the Vendor and the Trust, whereby the Trust agrees not to participate in the financial and operating policy decisions in MBRPL and MBSPL and that it would exercise all voting rights and other rights and powers that it directly or indirectly has or controls in BFCDLLP, CBDPL, MBRPL and MBSPL in accordance with the written instructions of the Vendor on all matters arising from, relating to, or otherwise connected with MBRPL and MBSPL, and/or BFCDLLP's ownership of MBRPL and/or CBDPL's ownership of MBSPL.

The summarised financial information of the associates, excluding BFCDLLP's interest in MBRPL and CBDPL's interest in MBSPL, and a reconciliation with the carrying amount of the investments in the consolidated financial statements, are as follows:

	<u>ORQPL</u>		<u>BFCDLLP</u>		<u>CBDPL</u>	
	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Summarised Balance Sheet</b>						
Current assets (including property held for sale)	1,448,301	1,454,724	47,328	15,814	33,426	–
Non-current assets	1,605,152	1,498,783	4,914,133	4,797,280	3,708,832	–
<b>Total assets</b>	<b>3,053,453</b>	<b>2,953,507</b>	<b>4,961,461</b>	<b>4,813,094</b>	<b>3,742,258</b>	<b>–</b>
Current liabilities	(946,722)	(172,654)	(84,002)	(72,818)	(16,650)	–
Non-current liabilities	(163,726)	(938,181)	(1,737,850)	(1,718,288)	(1,628,777)	–
<b>Total liabilities</b>	<b>(1,110,448)</b>	<b>(1,110,835)</b>	<b>(1,821,852)</b>	<b>(1,791,106)</b>	<b>(1,645,427)</b>	<b>–</b>
<b>Net assets</b>	<b>1,943,005</b>	<b>1,842,672</b>	<b>3,139,609</b>	<b>3,021,988</b>	<b>2,096,831</b>	<b>–</b>
Proportion of the Group's ownership	33.33%	33.33%	33.33%	33.33%	33.33%	–
Group's share of net assets	647,668	614,224	1,046,536	1,007,329	698,944	–
Adjustments:						
Acquisition fees paid in units	–	–	–	–	11,988	–
Acquisition expenses capitalised	13,734	13,734	7,000	27,676	3,615	–
<b>Carrying amount of the investment</b>	<b>661,402</b>	<b>627,958</b>	<b>1,053,536</b>	<b>1,035,005</b>	<b>714,547</b>	<b>–</b>
<b>Summarised Statement of Comprehensive Income</b>						
Property income	157,860	153,790	202,865	201,891	5,406	–
Total return for the year	181,585	174,539	231,548	356,306	107,423	–
Other comprehensive income	3,897	2,277	–	–	–	–
<b>Total comprehensive income</b>	<b>185,482</b>	<b>176,816</b>	<b>231,548</b>	<b>356,306</b>	<b>107,423</b>	<b>–</b>

The property income and total return for the year comprise full year results for ORQPL and BFCDLLP, and post-acquisition results of CBDPL.

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the financial year ended 31 December 2014**

**6. Investment in joint ventures**

	<u>Group</u>	
	2014	2013
	\$'000	\$'000
Unquoted equity, at cost	257,967	108,962
Share of post-acquisition reserves	30,964	28,309
	<u>288,931</u>	<u>137,271</u>

The movement in share of post-acquisition reserves is as follows:

	<u>Group</u>	
	2014	2013
	\$'000	\$'000
At 1 January	28,309	6,142
Share of results of joint ventures		
- Profit excluding net change in fair value of investment properties	9,848	2,103
- Net change in fair value of investment properties held by joint ventures (Note 23)	1,774	22,993
	11,622	25,096
Translation differences	(938)	(2,073)
Distribution received/receivable	(8,029)	(856)
At 31 December	<u>30,964</u>	<u>28,309</u>

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Effective equity interest</u>	
			2014 %	2013 %
<b>Held through Keppel REIT (Bermuda) Limited</b>				
Mirvac 8 Chifley Pty Limited <sup>1</sup>	Australia	Fund administration	50.00	50.00
Mirvac (Old Treasury) Pty Limited <sup>1</sup>	Australia	Fund administration	50.00	50.00
<b>Held through Keppel REIT (Australia) Sub-Trust 2</b>				
Mirvac 8 Chifley Trust <sup>2</sup>	Australia	Investment in real estate properties	50.00	50.00
<b>Held through Keppel REIT (Australia) Sub-Trust 3</b>				
Mirvac (Old Treasury) Trust <sup>1</sup>	Australia	Investment in real estate properties	50.00	50.00

<sup>1</sup> No statutory requirement for audit.

<sup>2</sup> Audited by Ernst & Young LLP, Australia

**6. Investment in joint ventures (cont'd)**

Acquisition of 50% interest in Mirvac (Old Treasury) Trust ("MOTT")

On 28 March 2013, the Group completed the acquisition of a 50% interest in MOTT, which has entered into a development agreement with the State of Western Australia to deliver a new office tower to be built on the Old Treasury Building site in Perth, Australia.

The aggregate consideration is AUD 165,000,000, subject to adjustment. The final consideration will be determined based on the adjusted net operating income achieved by the property in the first year from the commencement date of the Government of Western Australia's lease, capitalised at the agreed rate of 7.15% per annum.

During the financial year ended 31 December 2013, the Group paid a consideration of AUD 82,500,000 for the following:

- (a) 50% of the existing units in MOTT;
- (b) 50% of the convertible notes and units issued by MOTT at completion of the sale agreement; and
- (c) 50% of the ordinary shares in the capital of Mirvac (Old Treasury) Pty Limited, the trustee of MOTT.

Upon acquisition, the Group will receive an effective annual return of 7% based on the total funds contributed until the commencement of the Government of Western Australia's lease.

The Group and the other unitholder, which holds the remaining 50% interest in MOTT, also entered into a subscription agreement with MOTT pursuant to which each of them will subscribe for further issuances of five separate tranches of convertible notes and six tranches of units in MOTT. Each party's contribution will be AUD 82,500,000, of which, as at 31 December 2014, the Group has paid 4 tranches of convertible notes and units which amounted to AUD 72,600,000. The fifth tranche of convertible note and unit will be subscribed in 2015, and the last tranche being made upon the conversion of all the convertible notes to units in MOTT.

Acquisition of 50% interest in Mirvac 8 Chifley Trust ("M8CT")

On 28 July 2011, the Group completed the acquisition of a 50% interest in Mirvac 8 Chifley Trust ("M8CT"), which owns a property situated at 8 Chifley Square. The property received its Certificate of Practical Completion in July 2013.

Under the sale agreement, the Group acquired 50% of the following:

- (a) the existing 14.7 million units in M8CT;
- (b) the 34.3 million convertible notes issued by M8CT; and
- (c) the ordinary shares in the capital of Mirvac 8 Chifley Pty Limited, the trustee of M8CT.

The Group and the other unitholder, which holds the remaining 50% interest in M8CT, also entered into a subscription agreement with M8CT pursuant to which each of them would subscribe for further issuances of eight separate tranches of units and seven tranches of convertible notes by M8CT.

The Group made the final subscription of units on 26 June 2014, at which point all the convertible notes were converted to units in M8CT. The aggregate consideration paid by the Group for its 50% interest in M8CT is AUD 166,974,000.

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the financial year ended 31 December 2014**

**6. Investment in joint ventures (cont'd)**

The summarised financial information of the joint ventures and a reconciliation with the carrying amount of the investments in the consolidated financial statements, are as follows:

	<u>M8CT</u>		<u>MOTT</u>	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Summarised Balance Sheet</b>				
Cash and bank balances	1,697	161	170,356	133,664
Current assets	4,620	5,810	1,089	336
Non-current assets	407,636	387,625	200,617	118,743
Total assets	<u>413,953</u>	<u>393,596</u>	<u>372,062</u>	<u>252,743</u>
Current liabilities	(5,534)	(5,967)	(3,318)	–
Non-current liabilities (convertible notes)	–	(222,512)	(199,707)	(133,567)
Total liabilities	<u>(5,534)</u>	<u>(228,479)</u>	<u>(203,025)</u>	<u>(133,567)</u>
<b>Net assets</b>	<u>408,419</u>	<u>165,117</u>	<u>169,037</u>	<u>119,176</u>
Proportion of the Group's ownership	50%	50%	50%	50%
Group's share of net assets	204,210	82,559	84,519	59,588
Adjustments:				
Acquisition expenses	3,689	3,750	2,859	2,661
Effect of forward currency hedges	(10,092)	(10,582)	3,746	(705)
<b>Carrying amount of the investment</b>	<u>197,807</u>	<u>75,727</u>	<u>91,124</u>	<u>61,544</u>
<b>Summarised Statement of Total Return</b>				
Property income	26,180	3,859	–	–
Interest income	4,805	7,550	4,089	2,367
Interest expense	(10,296)	(9,435)	–	–
Total return for the year	16,952	24,635	6,291	25,556

**7. Amount owing by subsidiaries (non-trade)**

	<u>Trust</u>	
	2014 \$'000	2013 \$'000
Interest bearing	435,052	343,049
Non-interest bearing	<u>441,834</u>	<u>455,599</u>
	<u>876,886</u>	<u>798,648</u>

The amount owing by subsidiaries is unsecured, to be settled in cash and not expected to be repaid within the next 12 months. The interest bearing portion bears interest ranging from 7.0% to 9.5% (2013: 7.0% to 9.5%) per annum.

The amounts owing by subsidiaries as at 31 December 2014 and 31 December 2013 are denominated in Australian dollar.

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the financial year ended 31 December 2014**

**8. Advances**

Advances to associates (non-trade)

Advances to associates are unsecured and not expected to be repaid within the next 12 months. They bear interest ranging from 3.22% to 3.75% (2013: 3.21% to 3.65%) per annum which is repriced every quarter at a margin above the 3-month S\$ swap-offer rate ("SOR").

Advances to joint ventures (non-trade)

Advances to joint ventures relate to the convertible notes issued by MOTT. They are unsecured and bear interest at 9.95% (2013: 9.95%) per annum (Note 6). In the prior year, advances to joint ventures also related to the convertible notes issued by M8CT, which were unsecured, and carried interest at 9.50% per annum. The convertible notes issued by M8CT were all converted to units on 26 June 2014 (Note 6).

**9. Intangible asset**

	<u>Group</u>		<u>Trust</u>	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
<i>Cost:</i>				
At 1 January	182,720	183,228	29,426	29,426
Additions	46,623	–	46,623	–
Translation differences	(136)	(508)	–	–
At 31 December	<u>229,207</u>	<u>182,720</u>	<u>76,049</u>	<u>29,426</u>
<i>Accumulated amortisation:</i>				
At 1 January	135,364	90,857	28,332	24,185
Amortisation expense	37,364	44,860	1,094	4,147
Translation differences	(128)	(353)	–	–
At 31 December	<u>172,600</u>	<u>135,364</u>	<u>29,426</u>	<u>28,332</u>
<i>Net carrying amount:</i>				
At 31 December	<u>56,607</u>	<u>47,356</u>	<u>46,623</u>	<u>1,094</u>

Intangible asset represents the unamortised aggregate rental support top-up payments receivable by the Group for its one-third interest in CBDPL, 100% interest in 77 King Street office tower, and approximately 99.9% interest in OPLLP. The remaining rental support periods range from 1 to 5 years.

In the prior year, the intangible asset represents the unamortised aggregate rental support top-up payments receivable by the Group for its one-third interest in BFCDLLP, additional 19.4% interest in Prudential Tower, 100% interest in 77 King Street office tower, and approximately 99.9% interest in OPLLP. The remaining rental support periods ranged from 1 to 3 years.



**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the financial year ended 31 December 2014**

**10. Trade and other receivables**

	<u>Group</u>		<u>Trust</u>	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Trade receivables	8,640	8,377	1,787	450
Allowance for doubtful debts	(77)	(10)	–	–
Trade receivables (net)	8,563	8,367	1,787	450
Amounts due from subsidiaries (non-trade)	–	–	21,604	18,877
Amounts due from related companies				
- trade	10,787	18,814	10,787	18,814
- non-trade	–	30	–	–
Amounts due from joint ventures (non-trade)	1,893	4,568	–	–
Interest receivable	374	33	374	32
Rental support receivable	1,091	1,955	1,091	1,955
Others	2,308	98	2,275	–
	<u>25,016</u>	<u>33,865</u>	<u>37,918</u>	<u>40,128</u>

Amounts due from subsidiaries, related companies and joint ventures are unsecured, interest-free, repayable on demand and are to be settled in cash.

Trade and other receivables for the Trust, denominated in currency other than the functional currency, amounted to \$15,516,000 (2013: \$11,561,000). These balances are denominated in Australian dollar.

Receivables that are past due but not impaired

	<u>Group</u>		<u>Trust</u>	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Trade receivables past due but not impaired:				
Past due <3 months and not impaired	3,692	1,103	–	–
Past due 3 - 6 months and not impaired	60	43	5	–
Past due >6 months and not impaired	62	140	–	–
	<u>3,814</u>	<u>1,286</u>	<u>5</u>	<u>–</u>

Analysis for allowance for doubtful debts

	<u>Group</u>		<u>Trust</u>	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
At 1 January	(10)	(17)	–	–
Charge for the year	(69)	(10)	–	–
Write-off against allowance	–	17	–	–
Translation differences	2	–	–	–
At 31 December	<u>(77)</u>	<u>(10)</u>	<u>–</u>	<u>–</u>

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the financial year ended 31 December 2014**

**11. Cash and bank balances**

	<u>Group</u>		<u>Trust</u>	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Cash and bank balances	116,408	63,158	91,948	43,729
Fixed deposits	83,281	27,453	80,781	18,053
	<u>199,689</u>	<u>90,611</u>	<u>172,729</u>	<u>61,782</u>
Less: Rental support received in advance held in designated accounts	<u>(61,871)</u>	<u>(19,471)</u>	<u>(61,021)</u>	<u>(17,907)</u>
Cash and cash equivalents	<u>137,818</u>	<u>71,140</u>	<u>111,708</u>	<u>43,875</u>

Cash at banks earn interest at floating rates based on daily bank deposit rates ranging from 0% to 3.25% (2013: 0% to 3.25%) per annum. Short-term deposits are made for varying periods of between 14 days and 365 days (2013: 17 days and 182 days) depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The interest rates of short-term deposits range from 0.13% to 1.38% (2013: 0.05% to 3.47%) per annum.

Cash and bank balances for the Group and Trust, denominated in currencies other than the respective entities' functional currencies, amounted to \$19,069,000 (2013: \$9,336,000). These balances are denominated in Australian dollar.

**12. Trade and other payables**

	<u>Group</u>		<u>Trust</u>	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Trade payables	4,508	4,642	135	42
Accrued expenses	32,990	10,303	26,295	2,403
Other payables	13,725	53,360	8,865	27,808
Amounts due to related companies				
- trade	12,373	11,987	12,074	11,582
- non-trade	15,883	166	15,883	164
Other deposits	1,894	11,669	181	198
Interest payable	3,096	2,131	589	898
	<u>84,469</u>	<u>94,258</u>	<u>64,022</u>	<u>43,095</u>

Other payables mainly relate to (i) estimated development costs of \$4,860,000 (2013: \$7,892,000) to complete Phase 2 of Ocean Financial Centre of which the Group's proportionate share was withheld from the purchase consideration for the approximate 99.9% equity interest in OPLLP, (ii) estimated construction costs of \$7,000,000 (2013: \$27,676,000) withheld from the purchase consideration for the acquisition of one-third interest in BFCDLLP and (iii) accrued acquisition costs of \$1,768,000 for the acquisition of one-third interest in CBDPL. In the prior year, other payables also included the obligation in relation to the subscription of units issued by M8CT (Note 6) amounting to \$17,660,000.

Included in the trade amounts due to related companies are amounts due to the Property Manager of \$299,000 (2013: \$512,000) and the Manager of \$12,074,000 (2013: \$11,395,000).

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the financial year ended 31 December 2014**

**12. Trade and other payables (cont'd)**

Amounts due to related companies are unsecured, interest-free and repayable on demand. These amounts are to be settled in cash with the exception of management fees payable to the Manager which will be paid in the form of cash and/or Units (Note 1(b)).

Included in accrued expenses and amounts due to related companies (non-trade) are amounts of \$21,758,000 (2013: \$Nil) and \$15,846,000 (2013: \$Nil) respectively, for the advance distribution accrued for the period from 1 October 2014 to 15 December 2014.

Included in other deposits is an amount of \$1,420,000 (2013: \$11,173,000) which relates to retention monies for the construction of Ocean Financial Centre.

Trade and other payables for the Group and Trust, denominated in currency other than the respective entities' functional currencies, amounted to \$Nil (2013: \$185,000). These balances are denominated in Australian dollar.

**13. Derivative financial instruments**

		<u>Group</u>					
		2014 \$'000		2013 \$'000			
Maturity	Contract/ Nominal Amount	Assets	Liabilities	Contract/ Nominal Amount	Assets	Liabilities	
Forward currency contracts	2015	26,479	133	(961)	112,445	347	(6,496)
Interest rate swaps	2015 – 2019	1,622,267	2,081	(15,004)	1,302,949	2,738	(22,029)
		1,648,746	2,214	(15,965)	1,415,394	3,085	(28,525)
Percentage of derivatives to the Group's net asset value				(0.31%)			(0.65%)
		<u>Trust</u>					
		2014 \$'000		2013 \$'000			
Maturity	Contract/ Nominal Amount	Assets	Liabilities	Contract/ Nominal Amount	Assets	Liabilities	
Forward currency contracts	2015	26,479	133	(961)	112,445	347	(6,496)
Interest rate swaps	2015 – 2019	1,122,267	255	(12,834)	802,949	–	(20,395)
		1,148,746	388	(13,795)	915,394	347	(26,891)
Percentage of derivatives to the Trust's net asset value				(0.35%)			(0.79%)

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the financial year ended 31 December 2014**

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**13. Derivative financial instruments (cont'd)**

Forward currency contracts

Forward currency contracts are used to hedge foreign currency risk arising from the cash flow of the Group's foreign investment properties in Australia. The Group also entered into forward currency contracts to hedge its firm commitment for the progressive payments to be made for the subscription of units and convertible notes in MOTT. In the prior year, the Group also entered into forward currency contracts to hedge its firm commitment for the progressive payments to be made for the subscription of units and convertible notes in M8CT.

The Group designates these forward currency contracts as cash flow hedges which were assessed to be highly effective. A net unrealised loss of \$828,000 (2013: net unrealised loss of \$6,149,000) was included in hedging reserve in Unitholders' funds in respect of these contracts.

Interest rate swaps

Interest rate swaps are used to hedge interest rate risk arising from the underlying floating interest rates of respective bank loans. Under the interest rate swaps, the Group receives floating interest equal to SOR and A\$ bank bill swap bid rate ("BBSY") at specific contracted intervals and pays fixed rates of interest ranging from 0.88% to 3.10% (2013: 0.88% to 3.10%) per annum.

The Group designates these interest rate swaps as cash flow hedges which were assessed to be highly effective. An unrealised loss of \$9,044,000 (2013: \$19,291,000) was included in hedging reserve in Unitholders' funds in respect of these contracts. During the financial year, an interest rate swap was re-designated to hedge interest rate risk of other existing bank loans subsequent to the repayment of a loan. The fair value change of the interest rate swap of \$3,879,000 was recognised in the Statement of Total Return.

**14. Income received in advance**

Income received in advance comprises mainly rental and incentive supports received in advance from third party and related party vendors for certain of the Group's investment properties.

**15. Borrowings**

		<u>Group</u>		<u>Trust</u>	
	Maturity	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Current:</b>					
Bank loans (secured)	2015	174,950	–	174,950	–
Bank loans (unsecured)	2015	99,974	59,914	99,974	59,914
Term loan (unsecured)	–	–	127,000	–	127,000
Revolving loan facility (unsecured)	–	–	95,039	–	95,039
		<u>274,924</u>	<u>281,953</u>	<u>274,924</u>	<u>281,953</u>

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the financial year ended 31 December 2014**

**15. Borrowings (cont'd)**

		<u>Group</u>		<u>Trust</u>	
	Maturity	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Non-current:</b>					
Bank loans (secured)	2017	464,030	882,642	–	423,920
Bank loans (unsecured)	2016 - 2019	1,695,982	1,383,997	159,520	199,663
Revolving loan facilities (unsecured)	2016 - 2017	230,427	134,266	–	–
Borrowings from a subsidiary (unsecured)		–	–	1,769,034	1,321,059
		<u>2,390,439</u>	<u>2,400,905</u>	<u>1,928,554</u>	<u>1,944,642</u>
Percentage of total borrowings to net asset value		(59.8%)	(68.8%)	(58.1%)	(65.9%)

Borrowings for the Group and the Trust denominated in currency other than the respective entities' functional currencies amounted to \$27,711,000 (2013: \$22,883,000). These balances are denominated in Australian dollar.

Bank loans (secured)

Bank loans amounting to \$638,980,000 (2013: \$882,642,000) are secured by mortgage over certain investment properties of the Group (Note 3). The interest rates range from 0.79% + SOR to 0.94% + SOR (2013: 0.75% + SOR to 0.94% + SOR) per annum. The loans are repayable upon maturity. The Group has entered into interest rate swaps (Note 13) to hedge \$472,526,000 (2013: \$720,688,000) of the bank loans that are on floating interest rates.

Bank loans (unsecured)

Bank loans amounting to \$504,138,000 (2013: \$603,513,000) are on fixed interest rates ranging from 1.85% to 2.44% (2013: 1.85% to 2.88%) per annum and are repayable upon maturity. The Group has entered into interest rate swaps (Note 13) to hedge \$1,144,695,000 (2013: \$576,385,000) of the bank loans that are on floating interest rates. The remaining bank loans on floating interest rates of \$147,123,000 (2013: \$264,013,000) bear interest ranging from 0.88% + SOR to 1.22% + BBSY (2013: 0.94% + SOR to 1.45% + SOR) per annum.

Revolving loan facilities (unsecured)

The loans drawn down are on floating interest rates ranging from 0.86% to 1.42% (2013: 0.88% to 1.90%) per annum and are repriced every rollover period.

Borrowings from a subsidiary (unsecured)

Borrowings from a subsidiary bear interest ranging from 0.86% to 4.32% (2013: 0.88% to 4.32%) per annum and are not expected to be repaid within the next 12 months.

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the financial year ended 31 December 2014**

**15. Borrowings (cont'd)**

Unutilised available facilities

As at 31 December 2014, the Group had unutilised available facilities of \$437,400,000 (2013: \$735,700,000) to meet its future obligations. The Group has also obtained an additional \$300,000,000 revolving loan facility from a related party subsequent to year end.

**16. Deferred tax liabilities**

The movement in the deferred tax liabilities is as follows:

	<u>Group</u>	
	2014	2013
	\$'000	\$'000
Change in fair value of investment properties		
At 1 January	4,753	–
Charged to Statement of Total Return	549	5,061
Translation differences	(19)	(308)
At 31 December	5,283	4,753

**17. Units in issue**

	<u>Group and Trust</u>			
	2014		2013	
	'000	\$'000	'000	\$'000
At 1 January	2,787,682	2,924,291	2,631,180	2,771,684
Issue of Units:				
- payment of management fees in Units	25,676	30,669	21,502	27,838
- placement of Units	195,000	228,150	135,000	172,900
- payment of purchase consideration in Units (Note 5)	152,213	185,000	–	–
- payment of acquisition fees in Units	9,863	11,988	–	–
Distributions to Unitholders	–	(22,841)	–	(45,941)
Issue expenses	–	(3,162)	–	(2,190)
At 31 December	3,170,434	3,354,095	2,787,682	2,924,291

During the year, the following Units were issued:

- 25,675,626 (2013: 21,501,637) Units were issued at unit prices ranging between \$1.1423 - \$1.2702 (2013: \$1.2341 - \$1.3355) as payment of management fees to the Manager;
- 195,000,000 Units were issued at unit price of \$1.17 to part finance the acquisition of the one-third interest in CBDPL; and
- 152,213,000 Units were issued at unit price of \$1.2154 as partial satisfaction of the purchase consideration for the acquisition of the one-third interest in CBDPL.
- 9,863,378 Units were issued at unit price of \$1.2154 as payment of acquisition fee to the Manager in relation to the acquisition of the one-third interest in CBDPL.

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the financial year ended 31 December 2014**

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**17. Units in issue (cont'd)**

In 2013, 40,000,000 Units were issued at unit price of \$1.33 for the repayment of outstanding borrowings and 95,000,000 Units were issued at unit price of \$1.26 for the acquisition of the 50% interest in 8 Exhibition Street.

Each Unit represents undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- receive income and other distributions attributable to the Units held;
- participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to transfer to it any assets (or part thereof) or of any estate or interest in any asset (or part thereof) of the Trust; and
- attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or Unitholders representing not less than 10% of the issued Units of the Scheme) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed.

The restrictions of a Unitholder include, *inter alia*, the following:

- a Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and
- a Unitholder has no right to request the Manager to repurchase or redeem his Units while Units are listed on SGX-ST.

The Trust Deed contains provisions designed to limit the liability of a Unitholder to the amount paid or payable for any Unit, and to ensure that no Unitholder, by reason alone of being a Unitholder, will be personally liable to indemnify the Trustee or any creditor of the Group in the event that the liabilities of the Group exceed its assets, if the issue price of the Units held by that Unitholder has been fully paid.

**18. Property income**

	<u>Group</u>	
	2014	2013
	\$'000	\$'000
Gross rent	177,667	169,201
Car park income	3,269	1,823
Others	3,157	3,019
	184,093	174,043

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the financial year ended 31 December 2014**

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**19. Property expenses**

	<u>Group</u>	
	2014	2013
	\$'000	\$'000
Property tax	9,779	10,882
Property management fee	4,499	4,373
Property management salary reimbursements	1,787	1,937
Marketing expenses	273	1,497
Utilities	3,335	5,144
Maintenance	11,590	10,679
Other property expenses	1,394	1,237
	<u>32,657</u>	<u>35,749</u>

**20. Rental support**

Rental support relates to top-up payments from vendors for shortfall of guaranteed income amounts in respect of the Group's interests in BFCDLLP, Prudential Tower, 77 King Street office tower and OPLLP.

**21. Trust expenses**

	<u>Group</u>	
	2014	2013
	\$'000	\$'000
Manager's base fees	36,171	33,944
Manager's performance fees	9,321	8,987
Trustees' fees	1,440	1,302
Valuation fees	115	371
Auditors' remuneration	290	289
Professional fees	1,800	1,854
Other trust expenses	3,806	3,011
	<u>52,943</u>	<u>49,758</u>

The Manager has elected to receive in Units 100% of base fees and performance fees earned in respect of the approximate 87.51% interest in OPLLP, the 50% interest in 8 Exhibition Street and one-third interest in CBDPL as well as 50% of its base fees and performance fees earned for the approximate 12.39% interest in OPLLP and interests in other properties for the financial year ended 31 December 2014.

For the financial year ended 31 December 2013, the Manager elected to receive in Units 100% of base fees and performance fees earned in respect of the approximate 87.51% interest in OPLLP and the 50% interest in 8 Exhibition as well as 50% of its base fees and performance fees earned for the approximate 12.39% interest in OPLLP and interests in other properties.



**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the financial year ended 31 December 2014

**22. Borrowing costs**

	<u>Group</u>	
	2014	2013
	\$'000	\$'000
Interest expense		
- bank loans	55,094	44,351
- term loan from a related company	184	2,516
- revolving loan from a related company	95	4,374
- revolving loan	1,933	1,511
Amortisation of capitalised transaction costs	2,818	2,426
	60,124	55,178

**23. Net change in fair value of investment properties**

	<u>Group</u>	
	2014	2013
	\$'000	\$'000
Investment properties held directly by the Group (Note 3)	97,962	254,596
Investment properties held by associates (Note 5)	102,981	120,040
Investment properties held by joint ventures (Note 6)	1,774	22,993
Effects of recognising rental income on a straight line basis over lease term	9,474	(8,488)
	212,191	389,141

**24. Income tax expense**

	<u>Group</u>	
	2014	2013
	\$'000	\$'000
Singapore current tax:		
- current year	7,053	9,594
- over provision in respect of previous years	-	(1,491)
Overseas deferred tax:		
- current year	549	5,061
Overseas withholding tax:		
- current year	4,028	3,610
	11,630	16,774
Reconciliation of effective tax:		
Total return before tax	383,532	551,702
Income tax using Singapore tax rate of 17% (2013: 17%)	65,200	93,789
Non-tax deductible items	9,847	12,228
Net change in fair value of investment properties	(35,523)	(61,093)
Gain on divestment of investment property	(2,750)	-
Share of results of associates	(10,327)	(10,563)
Share of results of joint ventures	(1,674)	(358)
Withholding tax	4,028	3,610
Over provision in respect of previous years	-	(1,491)
Tax transparency	(17,171)	(19,348)
Income tax expense recognised in Statement of Total Return	11,630	16,774

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the financial year ended 31 December 2014**

**25. Earnings per Unit**

The basic earnings per Unit is calculated by dividing total return after tax attributable to Unitholders against weighted average number of Units outstanding during the financial year.

	<u>Group</u>	
	2014	2013
	\$'000	\$'000
Total return after tax attributable to Unitholders	371,753	534,681
Total return after tax and excluding net change in fair value of investment properties and gain on divestment of investment property	143,457	145,721
	'000	'000
Weighted average number of Units in issue during the financial year	2,858,883	2,714,470
Basic earnings per Unit based on:		
Total return after tax attributable to Unitholders	13.00 cents	19.70 cents
Total return after tax excluding net change in fair value of investment properties and gain on divestment of investment property	5.02 cents	5.37 cents

Diluted earnings per Unit is the same as the basic earnings per Unit as there are no dilutive instruments in issue during the financial year.

**26. Significant related party transactions**

During the financial year, other than those disclosed elsewhere in the financial statements, these were the following significant related party transactions which took place at terms agreed between the parties:

	<u>Group</u>	
	2014	2013
	\$'000	\$'000
Acquisition fee paid to the Manager	11,988	3,970
Divestment fee paid to the Manager	2,560	–
Trustee's fees	1,085	1,018
Property management fees and reimbursements paid/payable to a related company	5,994	6,005
Leasing commissions paid/payable to a related company	575	1,771
Rental income and other related income from related companies	7,024	7,056
Interest income received/receivable from associates of the Trust	21,449	21,416
Rental support received/receivable from related companies	44,038	62,308
Coupon interest received/receivable from joint ventures	13,919	14,813
Project management fees paid to a related company	50	61
Electricity supply from a related company	4,082	4,525
Transportation services provided by related company	–	138
Telephone and internet services provided by related company	11	10
Aircon supply provided by a related company	559	2,674
Waste removal provided by a related company	–	94
Accrued development costs paid/payable for one-third interest in an associate	–	1,735
Acquisition of one-third interest in CBDPL, net of pre-acquisition dividend received	710,544	–

**27. Financial risk management objectives and policies**

The Group is exposed to credit, interest rate, liquidity, foreign currency and operational risks in the normal course of its business. Assessment of financial risks is carried out regularly by the Manager.

The Manager believes that good risk management practices and strong internal controls are critical components to Keppel REIT's business. As such, the Manager constantly reviews risks faced by the Group and pro-actively carries out initiatives to mitigate them. Some of the key risks that the Manager has identified are as follows:

**(a) Credit risk**

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Prior to signing any major lease agreements, credit assessments on prospective tenants are carried out. This is usually done by way of evaluating information from corporate searches. Security deposits are collected from tenants, and the Group's tenant trade sector mix in its property portfolio is actively managed to avoid excessive exposure to any one potentially volatile trade sector.

The Manager has ensured appropriate terms and/or credit controls are stipulated in the agreements to ensure counterparty fulfil its obligations.

Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the Balance Sheets.

Credit risk concentration profile

At the reporting date, approximately 51% (2013: 69%) of the Group's trade and other receivables were due from related companies and joint ventures. Concentration of credit risk relating to trade receivables is limited due to the Group's many varied tenants. The tenants are engaged in diversified businesses and are of good quality and strong credit standing.

Financial assets that are neither past due nor impaired

Trade and other receivables and advances to associates (non-trade) that are neither past due nor impaired relate to creditworthy debtors and counterparties with good payment record. Cash and bank balances are placed and derivative financial instruments are entered into with financial institutions with good credit ratings.

**(b) Interest rate risk**

The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities.

The Group constantly monitors its exposure to changes in interest rates for its interest-bearing financial liabilities. Interest rate risk is managed on an ongoing basis with the primary objective of limiting the extent to which net interest expense can be affected by adverse movements in interest rates through the use of interest rate swaps.

**27. Financial risk management objectives and policies (cont'd)**

**(b) Interest rate risk (cont'd)**

The Group manages interest costs using a mix of fixed and floating rate debts. The details of the interest rates relating to interest-earning financial assets and interest-bearing financial liabilities are disclosed in Notes 8, 11, 13 and 15 respectively.

Sensitivity analysis

At the reporting date, if Singapore dollar interest rates had been 0.1% per annum (2013: 0.1% per annum) higher/lower with all other variables constant, the Group's total return before tax would have been \$345,000 (2013: \$693,000) lower/higher, arising mainly as a result of higher/lower interest expense on floating rate borrowings that are not hedged, and the Group's hedging reserve would have been \$4,014,000 (2013: \$4,067,000) lower/higher, arising mainly as a result of an increase/decrease in the fair value of interest rate swaps designated as cashflow hedges.

**(c) Liquidity risk**

The Group's cash flow position and working capital are monitored closely to ensure that there are adequate liquid reserves in terms of cash and credit facilities to meet short-term obligations. Steps have been taken to plan early for funding and expense requirements so as to manage the cash position at any point in time. As at 31 December 2014, the Manager has ensured that the Group's total undrawn committed credit facilities that amounted to \$437.4 million (2013: \$735.7 million) are more than adequate to address the Group's current borrowings of \$274.9 million (2013: \$282.0 million) and working capital requirements.

The table below summarises the maturity profile and financial liabilities of the Group and Trust at the reporting date based on contractual undiscounted repayment obligations.

Group	2014				2013			
	1 year or less	2 to 5 years	> 5 years	Total	1 year or less	2 to 5 years	> 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	84,469	–	–	84,469	94,258	–	–	94,258
Derivative financial instruments	16,539	25,951	–	42,490	20,463	27,879	–	48,342
Security deposits	3,223	23,413	1,661	28,297	3,927	25,731	4,452	34,110
Borrowings	316,654	2,476,458	–	2,793,112	320,732	2,499,956	–	2,820,688
	420,885	2,525,822	1,661	2,948,368	439,380	2,553,566	4,452	2,997,398

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the financial year ended 31 December 2014

**27. Financial risk management objectives and policies (cont'd)**

**(c) Liquidity risk (cont'd)**

Trust	2014				2013			
	1 year or less	2 to 5 years	> 5 Years	Total	1 year or less	2 to 5 years	> 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	64,022	–	–	64,022	43,095	–	–	43,095
Derivative financial instruments	14,998	21,843	–	36,841	18,662	21,275	–	39,937
Security deposits	508	3,237	–	3,745	852	9,281	–	10,133
Borrowings	311,309	1,999,298	–	2,310,607	316,177	2,024,325	–	2,340,502
	390,837	2,024,378	–	2,415,215	378,786	2,054,881	–	2,433,667

**(d) Foreign currency risk**

Foreign currency risk arises when transactions are denominated in currencies other than the respective functional currencies of the various entities in the Group and impact the Group's total return for the year.

The Group's foreign currency risk relates mainly to its Australian dollar denominated investments. The Group monitors its foreign currency exposure on an on-going basis and manages its exposure to adverse movements in foreign currency exchange rates through financial instruments or other suitable financial products.

The Group has outstanding forward currency contracts with notional amounts totalling \$26,479,000 (2013: \$112,445,000) (Note 13). As at the reporting date, financial derivative liabilities of \$828,000 (2013: liabilities of \$6,149,000) were recorded on the Balance Sheets based on the net fair value of these forward exchange contracts.

Sensitivity analysis

At the reporting date, if the Australian dollar strengthened/weakened against Singapore dollar by 5% (2013: 5%) with all other variables constant, the Group's total return before tax would have been \$432,000 lower/higher (2013: \$687,000 lower/higher) due to exchange differences arising from appreciation/depreciation of Australian dollar against Singapore dollar, and the Group's hedging reserve would have been \$189,000 higher/lower (2013: \$3,718,000 lower/higher), arising mainly as a result of appreciation/depreciation of Australian dollar against Singapore dollar.

**28. Capital management**

The primary objective of the Group's capital management is to ensure that it maintains a healthy credit rating and aggregate leverage ratio.

Under the Property Funds Appendix of the CIS Code, the aggregate leverage should not exceed 35.0% of the Group's deposited property. The aggregate leverage may exceed 35.0% of the Group's deposited property (up to a maximum of 60.0%) only if a credit rating of the Trust from Fitch Inc., Moody's Investor Services or Standard and Poor's is obtained and disclosed to the public. The Group has been assigned a corporate rating of "Baa2" (2013: Baa2) by Moody's Investor Services and "BBB" (2013: BBB) by Standard & Poor's. The Group has complied with this requirement for the financial years ended 31 December 2014 and 2013.

The Group's capital is represented by its Unitholders' funds as disclosed in the Balance Sheets. The Group constantly monitors capital using aggregate leverage ratio, which is total gross borrowings divided by the value of its deposited properties. At the balance sheet date, the Group has gross borrowings (including deferred payments for the construction of Phase 2 of Ocean Financial Centre and the Group's respective share of borrowings carried at ORQPL and CBDPL) totalling \$3,545,300,000 (2013: \$3,030,824,000) and an aggregate leverage of 43.3% (2013: 42.1%).

**29. Fair value of assets and liabilities**

**(a) Fair value hierarchy**

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction other than in a forced or liquidation sale.

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- (i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can assess at the measurement date;
- (ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- (iii) Level 3 – Unobservable inputs for the asset or liability.

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the financial year ended 31 December 2014**

**29. Fair value of assets and liabilities (cont'd)**

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

**(b) Assets and liabilities measured at fair value**

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group		
	2014		
	\$'000		
	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
<u>Financial assets</u>			
Derivative financial instruments			
- Forward currency contracts	133	-	133
- Interest rate swaps	2,081	-	2,081
Financial assets as at 31 December 2014	<u>2,214</u>	<u>-</u>	<u>2,214</u>
<u>Financial liabilities</u>			
Derivative financial instruments			
- Forward currency contracts	(961)	-	(961)
- Interest rate swaps	(15,004)	-	(15,004)
Financial liabilities as at 31 December 2014	<u>(15,965)</u>	<u>-</u>	<u>(15,965)</u>
<u>Non-financial assets</u>			
Investment properties	-	3,613,616	3,613,616
Non-financial assets as at 31 December 2014	<u>-</u>	<u>3,613,616</u>	<u>3,613,616</u>

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the financial year ended 31 December 2014**

**29. Fair value of assets and liabilities (cont'd)**

**(b) Assets and liabilities measured at fair value (cont'd)**

	Group		
	2013 \$'000		
	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
<u>Financial assets</u>			
Derivative financial instruments			
- Forward currency contracts	347	–	347
- Interest rate swaps	2,738	–	2,738
Financial assets as at 31 December 2013	3,085	–	3,085
<u>Financial liabilities</u>			
Derivative financial instruments			
- Forward currency contracts	(6,496)	–	(6,496)
- Interest rate swaps	(22,029)	–	(22,029)
Financial liabilities as at 31 December 2013	(28,525)	–	(28,525)
<u>Non-financial assets</u>			
Investment properties	–	4,015,094	4,015,094
Non-financial assets as at 31 December 2013	–	4,015,094	4,015,094
	Trust		
	2014 \$'000		
	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
<u>Financial assets</u>			
Derivative financial instruments			
- Forward currency contracts	133	–	133
- Interest rate swaps	255	–	255
Financial assets as at 31 December 2014	388	–	388
<u>Financial liabilities</u>			
Derivative financial instruments			
- Forward currency contracts	(961)	–	(961)
- Interest rate swaps	(12,834)	–	(12,834)
Financial liabilities as at 31 December 2014	(13,795)	–	(13,795)
<u>Non-financial assets</u>			
Investment properties	–	527,000	527,000
Non-financial assets as at 31 December 2014	–	527,000	527,000



**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the financial year ended 31 December 2014**

**29. Fair value of assets and liabilities (cont'd)**

**(b) Assets and liabilities measured at fair value (cont'd)**

	Trust		Total
	2013 \$'000		
	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	
<u>Financial assets</u>			
Derivative financial instruments			
- Forward currency contracts	347	–	347
Financial assets as at 31 December 2013	347	–	347
<u>Financial liabilities</u>			
Derivative financial instruments			
- Forward currency contracts	(6,496)	–	(6,496)
- Interest rate swaps	(20,395)	–	(20,395)
Financial liabilities as at 31 December 2013	(26,891)	–	(26,891)
<u>Non-financial assets</u>			
Investment properties	–	994,760	994,760
Non-financial assets as at 31 December 2013	–	994,760	994,760

**(c) Level 2 fair value measurements**

Forward currency contracts and interest rate swap contracts are valued using valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves.

**(d) Level 3 fair value measurements**

- (i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3 of the fair value hierarchy.

Description	Fair value as at 31 December 2014 \$'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties	3,613,616	Capitalisation approach	Capitalisation rate	3.75% - 7.00%	The higher the rate, the lower the fair value
		Discounted cash flow	Discount rate	5.75% - 8.50%	The higher the rate, the lower the fair value

**29. Fair value of assets and liabilities (cont'd)**

**(d) Level 3 fair value measurements (cont'd)**

- (i) Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)

Description	Fair value as at 31 December 2013 \$'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties	4,015,094	Capitalisation approach	Capitalisation rate	4.00% - 6.70%	The higher the rate, the lower the fair value
		Discounted cash flow	Discount rate	5.75% - 9.00%	The higher the rate, the lower the fair value

The investment properties categorised under Level 3 of the fair value hierarchy are generally sensitive to the various unobservable inputs tabled above. A significant movement of each input would result in significant change to the fair value of the respective investment properties.

The Group assesses the fair value of investment properties on a yearly basis.

- (ii) Valuation policies and procedures

The Group engages external, independent and qualified valuers to determine the fair value of the Group's investment properties at the end of every financial year.

The Manager is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge of valuation of investment properties. In accordance to the CIS Code, the Group rotates the independent valuers every two years.

For valuation performed by external valuers, management reviews the appropriateness of the valuation methodologies and assumptions adopted.

Significant changes in fair value measurements from period to period are evaluated by management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent external sources, or internal sources if necessary and appropriate. Significant valuation issues are reported to the Audit and Risk Committee.

29. Fair value of assets and liabilities (cont'd)

(e) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The Manager has determined that the carrying amounts of cash and short term deposits, trade and other receivables, trade and other payables, current portion of security deposits and short-term borrowings reasonably approximate fair values due to their short-term nature. The carrying amount of advances to associates and floating-rate borrowings reasonably approximate fair value because they are floating rate instruments that are repriced to market interest rates on or near the end of the reporting period.

The fair values of long-term fixed-rate borrowings and non-current security deposits as at 31 December 2014 and 31 December 2013 are as stated below. They are estimated using discounted cash flow analysis based on current rates for similar types of borrowing arrangements.

<u>Group</u>	2014		2013	
	Carrying value \$'000	Fair value \$'000	Carrying value \$'000	Fair value \$'000
Long-term borrowings	504,138	497,414	603,513	598,614
Security deposits (non-current)	25,074	21,656	30,183	23,874
<u>Trust</u>				
Long-term borrowings	504,138	497,414	603,513	598,614
Security deposits (non-current)	3,237	2,891	9,281	7,613

Fair value information has not been disclosed for the Trust's amount owing by subsidiaries that is carried at cost because fair value cannot be measured reliably as the amount has no fixed repayment terms.

(f) Classification of financial instruments

<u>Group</u>	Loans and receivables \$'000	Liabilities at amortised cost \$'000
<u>2014</u>		
<u>Assets</u>		
Advances to associates	613,222	—
Trade and other receivables	22,741	—
Cash and bank balances	199,689	—
Total	835,652	—
<u>Liabilities</u>		
Trade and other payables	—	84,469
Borrowings	—	2,665,363
Security deposits	—	28,297
Total	—	2,778,129

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the financial year ended 31 December 2014**

**29. Fair value of assets and liabilities (cont'd)**

**(f) Classification of financial instruments (cont'd)**

<u>Group</u>	Loans and receivables \$'000	Liabilities at amortised cost \$'000
<u>2013</u>		
<i>Assets</i>		
Advances to associates	606,222	–
Trade and other receivables	33,865	–
Cash and bank balances	90,611	–
Total	<u>730,698</u>	<u>–</u>
<i>Liabilities</i>		
Trade and other payables	–	94,258
Borrowings	–	2,682,858
Security deposits	–	34,110
Total	<u>–</u>	<u>2,811,226</u>
<u>Trust</u>	Loans and receivables \$'000	Liabilities at amortised cost \$'000
<u>2014</u>		
<i>Assets</i>		
Advances to associates	613,222	–
Trade and other receivables	35,643	–
Cash and bank balances	172,729	–
Total	<u>821,594</u>	<u>–</u>
<i>Liabilities</i>		
Trade and other payables	–	64,022
Borrowings	–	2,203,478
Security deposits	–	3,745
Total	<u>–</u>	<u>2,271,245</u>
<u>2013</u>		
<i>Assets</i>		
Advances to associates	606,222	–
Trade and other receivables	40,128	–
Cash and bank balances	61,782	–
Total	<u>708,132</u>	<u>–</u>
<i>Liabilities</i>		
Trade and other payables	–	43,095
Borrowings	–	2,226,595
Security deposits	–	10,133
Total	<u>–</u>	<u>2,279,823</u>

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the financial year ended 31 December 2014**

**30. Portfolio reporting**

The Group's business is investing in real estate and real estate-related assets which are predominantly used for commercial purposes. All its existing properties are located in Singapore and Australia.

Discrete financial information is provided to the Board on a property by property basis. The information provided is net rental (including property income and property expenses) and the value of the investment properties. The Board is of the view that the portfolio reporting is appropriate as the Group's business is in prime commercial properties located in Australia and Singapore Central Business District area.

Investments in One Raffles Quay and Marina Bay Financial Centre are held through one-third interests in ORQPL, BFCDLLP and CBDPL and the information provided below is in relation to the properties.

<u>By property</u>	<u>Group</u>	
	2014 \$'000	2013 \$'000
<u>Property income</u>		
Prudential Tower <sup>1</sup>	15,528	19,273
Bugis Junction Towers	20,859	20,278
275 George Street <sup>2</sup>	20,630	22,134
77 King Street office tower	11,617	12,801
Ocean Financial Centre <sup>3</sup>	97,695	90,682
8 Exhibition Street <sup>4</sup>	17,764	8,875
Total property income	184,093	174,043
 <u>Income contribution</u>	 2014 \$'000	 2013 \$'000
Prudential Tower <sup>1</sup>	13,250	14,559
Bugis Junction Towers	16,447	16,436
275 George Street <sup>2</sup>	16,858	17,959
77 King Street office tower	9,097	10,162
Ocean Financial Centre <sup>3</sup>	82,652	72,320
8 Exhibition Street <sup>4</sup>	13,132	6,858
Total net property income	151,436	138,294
Ocean Financial Centre <sup>3</sup>		
Rental support	46,885	59,439
One-third interest in ORQPL:		
Interest income	1,640	1,463
Dividend income	28,384	30,066
Total income from one-third interest in ORQPL	30,024	31,529

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the financial year ended 31 December 2014**

**30. Portfolio reporting (cont'd)**

**By property (cont'd)**

	<u>Group</u>	
	2014	2013
	\$'000	\$'000
One-third interest in BFCDLLP:		
Rental support	1,437	8,710
Interest income	19,809	19,953
Distribution income	37,279	34,527
Total income from one-third interest in BFCDLLP	58,525	63,190
One-third interest in CBDPL:		
Dividend income	786	-
8 Chifley Square <sup>5</sup>		
Interest income	5,157	10,275
Distribution income	6,230	-
	11,387	10,275
Old Treasury Building <sup>6</sup>		
Interest income	8,762	4,538
Distribution income	1,799	856
	10,561	5,394
Total income contribution	309,604	308,121

<sup>1</sup> Prudential Tower was divested on 26 September 2014.

<sup>2</sup> Comprises 50.0% interest (2013: 50.0%) in 275 George Street.

<sup>3</sup> Comprises approximately 99.9% (2013: 99.9%) interest in Ocean Financial Centre through OPLLP.

<sup>4</sup> Comprises 50.0% interest (2013: 50.0%) in 8 Exhibition Street.

<sup>5</sup> Comprises 50.0% interest (2013: 50.0%) in 8 Chifley Square, held through M8CT.

<sup>6</sup> Comprises 50.0% interest (2013: 50.0%) in Old Treasury Building, held through MOTT.

Reconciliation to net income before net change in fair value of investment properties and gain on divestment of investment property per Statement of Total Return:

	<u>Group</u>	
	2014	2013
	\$'000	\$'000
Total income contribution	309,604	308,121
Less: Dividend and distribution income	(74,478)	(65,449)
Add: Rental support for directly held investment properties	1,689	4,724
Add: Interest income earned from deposits placed with financial institutions	2,064	724
Add: Share of results of associates	60,745	62,134
Add: Share of results of joint ventures	9,848	2,103
Less: Other unallocated expenses	(154,310)	(149,796)
Net income before net change in fair value of investment properties and gain on divestment of investment property	155,162	162,561

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the financial year ended 31 December 2014

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**30. Portfolio reporting (cont'd)**

	<u>Group</u>	
	2014	2013
	\$'000	\$'000
<b><u>Interests in associates</u></b>		
One-third interest in ORQPL:		
Investment in associate	661,402	627,958
Advances to associate	44,946	44,946
	<u>706,348</u>	<u>672,904</u>
One-third interest in BFCDLLP:		
Investment in associate	1,053,536	1,035,005
Advances to associate	568,276	561,276
	<u>1,621,812</u>	<u>1,596,281</u>
One-third interest in CBDPL:		
Investment in associate	714,547	–
	<u>Group</u>	
	2014	2013
	\$'000	\$'000
<b><u>Interests in joint ventures</u></b>		
50% interest in M8CT:		
Investment in joint venture	197,807	75,727
Advances to joint venture	–	111,256
	<u>197,807</u>	<u>186,983</u>
50% interest in MOTT:		
Investment in joint venture	91,124	61,544
Advances to joint venture	99,853	66,783
	<u>190,977</u>	<u>128,327</u>

**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the financial year ended 31 December 2014

**30. Portfolio reporting (cont'd)**

<u>By geographical area</u>	<u>Group</u>	
	2014 \$'000	2013 \$'000
<u>Property income</u>		
- Singapore	134,082	130,233
- Australia	50,011	43,810
Total property income	<u>184,093</u>	<u>174,043</u>
<u>Net property income</u>		
- Singapore	112,349	103,315
- Australia	39,087	34,979
Total net property income	<u>151,436</u>	<u>138,294</u>
<u>Income contribution</u>		
- Singapore	248,569	257,473
- Australia	61,035	50,648
Total income contribution	<u>309,604</u>	<u>308,121</u>
<u>Investment properties, at valuation</u>		
- Singapore	3,065,831	3,458,824
- Australia	547,785	556,270
Total value of investment properties	<u>3,613,616</u>	<u>4,015,094</u>

**31. Commitments and contingencies**

**(a) Operating lease commitments – as lessor**

The Group leases out its investment properties. Lease arrangements for the Group's Australia-based investment properties include rental escalation clauses. Future minimum rental receivable under non-cancellable operating leases is as follows:

	<u>Group</u>	
	2014 \$'000	2013 \$'000
Within 1 year	148,180	166,862
Between 2 and 5 years	283,666	416,029
After 5 years	25,641	76,881
	<u>457,487</u>	<u>659,772</u>



**KEPPEL REIT & ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the financial year ended 31 December 2014**

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**31. Commitments and contingencies (cont'd)**

**(b) Capital commitments**

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements is as follows:

	<u>Group</u>		<u>Trust</u>	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Committed progressive payments for investment in joint venture	<u>10,989</u>	<u>105,499</u>	<u>—</u>	<u>—</u>

The committed progressive payments for investment in joint venture are based on the consideration payable by the Group for its 50% interest in MOTT (Note 6). In the prior year, it also included the consideration payable by the Group for its 50% interest in M8CT (Note 6).

**(c) Guarantee**

The Trust has provided a corporate guarantee amounting to \$1,770,858,000 (2013: \$1,322,884,000) to banks for loans taken by a subsidiary.

**32. Financial ratios**

	2014 %	2013 %
Expenses to weighted average net assets <sup>1</sup>		
- including performance component of Manager's management fees	1.27	1.38
- excluding performance component of Manager's management fees	1.04	1.12
Portfolio turnover rate <sup>2</sup>	12.18	—

<sup>1</sup> The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to the trust expenses, excluding property expenses, amortisation expenses, foreign exchange differences and borrowing costs.

<sup>2</sup> The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of weighted average net asset value.

**33. Subsequent events**

On 19 January 2015, the Manager declared a distribution of 0.26 cents per Unit for the period from 16 December 2014 to 31 December 2014.

On 11 February 2015, Keppel REIT MTN Pte. Ltd. issued fixed rate notes of \$50 million due 2022 through its \$1 billion Multicurrency Medium Term Note Programme, at a fixed coupon of 3.15% per annum.

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**UNAUDITED FINANCIAL STATEMENTS OF KEPPEL REIT FOR THE  
THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2015**

The information in this Appendix IV has been reproduced from the annual report of Keppel REIT for the third quarter and nine months ended 30 September 2015 and has not been specifically prepared for inclusion in this Information Memorandum nor has it been audited or reviewed by independent auditors of Keppel REIT.

**KEPPEL REIT  
THIRD QUARTER 2015 FINANCIAL STATEMENTS ANNOUNCEMENT  
UNAUDITED RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015**

**TABLE OF CONTENTS**

	Page
- INTRODUCTION	2
- SUMMARY OF KEPPEL REIT RESULTS	2
1(a)(i) STATEMENT OF TOTAL RETURN AND DISTRIBUTION STATEMENT	3
1(a)(ii) STATEMENT OF COMPREHENSIVE INCOME	5
1(b)(i) BALANCE SHEETS	6
1(b)(ii) AGGREGATE AMOUNT OF BORROWINGS AND DEBT SECURITIES	8
1(c) CONSOLIDATED STATEMENT OF CASH FLOWS	9
1(d)(i) STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS	10
1(d)(ii) DETAILS OF CHANGES IN THE UNITS	14
1(d)(iii) TOTAL NUMBER OF ISSUED UNITS	14
1(d)(iv) SALES, TRANSFERS, DISPOSAL, CANCELLATION AND/OR USE OF TREASURY UNITS	14
2 AUDIT	14
3 AUDITORS' REPORT	14
4 ACCOUNTING POLICIES	14
5 CHANGES IN ACCOUNTING POLICIES	14
6 CONSOLIDATED EARNINGS PER UNIT AND DISTRIBUTION PER UNIT	15
7 NET ASSET VALUE	15
8 REVIEW OF PERFORMANCE	16
9 VARIANCE FROM FORECAST STATEMENT	17
10 PROSPECTS	18
11 RISK FACTORS AND RISK MANAGEMENT	19
12 DISTRIBUTIONS	20
13 DISTRIBUTION STATEMENT	21
14 INTERESTED PERSON TRANSACTIONS	22
CONFIRMATION BY THE BOARD	23

## INTRODUCTION

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

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

As at 30 September 2015, Keppel REIT has an asset size of approximately \$8.2 billion comprising interests in nine premium office assets with 12 office towers strategically located in the central business districts of Singapore, as well as key cities of Sydney, Melbourne, Brisbane and Perth in Australia.

The assets in Singapore are Bugis Junction Towers (100% 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 Ocean Financial Centre (99.9% interest).

During the quarter, the Manager acquired the three remaining prime street-fronting retail units at 8 Exhibition Street in Melbourne. This DPU accretive acquisition, completed on 12 October 2015, provides Keppel REIT with strategic control over the 35-storey freehold office building and all five retail units within the development. The office tower on the Old Treasury Building site in Perth has also received its Certificate of Practical Completion in end-August 2015.

The assets in Australia now comprise 8 Chifley Square (50% interest) and the office tower at 77 King Street (100% interest), both in Sydney, 8 Exhibition Street in Melbourne (50% interest in the office building and two retail units, as well as a 100% interest in another three retail units), 275 George Street in Brisbane (50% interest), as well as the office tower and its annexe on the site of the Old Treasury Building in Perth (50% interest).

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

## SUMMARY OF KEPPEL REIT RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2015

	GROUP			
	3Q2015 \$'000	2Q2015 <sup>2</sup> \$'000	YTD Sep 2015 <sup>2</sup> \$'000	YTD Sep 2014 <sup>2</sup> \$'000
Property income	42,183	42,964	127,552	141,756
Net property income	33,396	34,711	102,694	117,183
Share of results of associates	18,513	19,953	58,833	44,630
Share of results of joint ventures	3,907	4,056	12,006	5,720
Income available for distribution	54,408	54,820	163,237	160,294
Distribution to Unitholders <sup>1</sup>	54,408	54,820	163,237	160,294
Distribution per Unit ("DPU") (cents) for the period	1.70	1.72	5.12	5.72
Annualised Distribution Yield %			7.2% <sup>3</sup>	6.4% <sup>4</sup>

### Notes:

- (1) Distribution to Unitholders is based on 100% of the taxable income available for distribution.
- (2) Information for YTD Sep 2014 includes the contribution from Prudential Tower, which was divested on 26 September 2014. In 4Q2014, Keppel REIT acquired a one-third stake in Marina Bay Financial Centre Tower 3. As such, the financial information for 2Q2015 has also been provided to give a more meaningful comparison of Keppel REIT's performance quarter on quarter since the portfolio of properties are the same over the two periods.
- (3) The yield is based on the market closing price per unit of \$0.955 as at the last trading day, 30 September 2015.
- (4) The yield is based on the market closing price per unit of \$1.190 as at the last trading day, 30 September 2014.

## 1. UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2015

The Directors of Keppel REIT Management Limited, as manager of Keppel REIT, announce the following unaudited results of Keppel REIT for the third quarter and nine months ended 30 September 2015:

### 1(a)(i) Statement of total return and distribution statement, together with a comparative statement for the corresponding period of the immediately preceding financial year

#### Statement of Total Return

	Note	Group					+/-)
		3Q2015	3Q2014	+/-)	YTD Sep 2015	YTD Sep 2014	
		\$'000	\$'000	%	\$'000	\$'000	%
Gross rent		40,433	46,059	(12.2)	122,033	137,101	(11.0)
Car park income		842	833	1.1	2,484	2,425	2.4
Other income		908	736	23.4	3,035	2,230	36.1
<b>Property income</b>		<b>42,183</b>	<b>47,628</b>	<b>(11.4)</b>	<b>127,552</b>	<b>141,756</b>	<b>(10.0)</b>
Property tax		(3,248)	(3,038)	6.9	(9,256)	(7,267)	27.4
Other property expenses	1	(4,255)	(4,621)	(7.9)	(12,607)	(12,621)	(0.1)
Property management fee		(1,119)	(1,172)	(4.5)	(3,170)	(3,478)	(8.9)
Maintenance and sinking fund contributions		(165)	(273)	(39.6)	175	(1,207)	NM
<b>Property expenses</b>		<b>(8,787)</b>	<b>(9,104)</b>	<b>(3.5)</b>	<b>(24,858)</b>	<b>(24,573)</b>	<b>1.2</b>
<b>Net property income</b>		<b>33,396</b>	<b>38,524</b>	<b>(13.3)</b>	<b>102,694</b>	<b>117,183</b>	<b>(12.4)</b>
Rental support	2	4,820	12,655	(61.9)	15,847	37,950	(58.2)
Interest income	3	9,257	8,321	11.2	27,771	28,423	(2.3)
Share of results of associates	4	18,513	14,401	28.6	58,833	44,630	31.8
Share of results of joint ventures	5	3,907	3,969	(1.6)	12,006	5,720	109.9
Amortisation expenses	6	(4,463)	(9,697)	(54.0)	(14,451)	(28,123)	(48.6)
Borrowing costs	7	(17,086)	(15,324)	11.5	(50,154)	(45,030)	11.4
Manager's management fees	8	(12,460)	(11,507)	8.3	(37,210)	(34,310)	8.5
Trust expenses		(2,278)	(3,091)	(26.3)	(6,146)	(5,292)	16.1
Changes in fair value of interest rate swap	9	1,014	(4,909)	NM	2,882	(4,909)	NM
<b>Net income before divestment gain and net change in fair value of investment properties</b>		<b>34,620</b>	<b>33,342</b>	<b>3.8</b>	<b>112,072</b>	<b>116,242</b>	<b>(3.6)</b>
Gain on divestment of investment property		-	16,179	(100.0)	-	16,179	(100.0)
Net change in fair value of investment properties	10	20,860	92,277	(77.4)	20,860	92,277	(77.4)
<b>Total return before tax</b>		<b>55,480</b>	<b>141,798</b>	<b>(60.9)</b>	<b>132,932</b>	<b>224,698</b>	<b>(40.8)</b>
Income tax expense	11	(4,475)	(3,533)	26.7	(8,177)	(8,969)	(8.8)
<b>Total return after tax</b>		<b>51,005</b>	<b>138,265</b>	<b>(63.1)</b>	<b>124,755</b>	<b>215,729</b>	<b>(42.2)</b>
<b>Attributable to:</b>							
Unitholders		50,987	138,201	(63.1)	124,701	215,627	(42.2)
Non-controlling interest		18	64	(71.9)	54	102	(47.1)
		<b>51,005</b>	<b>138,265</b>	<b>(63.1)</b>	<b>124,755</b>	<b>215,729</b>	<b>(42.2)</b>
<b><u>Distribution Statement</u></b>							
<b>Total return for the period attributable to Unitholders</b>		<b>50,987</b>	<b>138,201</b>	<b>(63.1)</b>	<b>124,701</b>	<b>215,627</b>	<b>(42.2)</b>
Net tax and other adjustments	12	3,421	(86,174)	NM	38,536	(55,333)	NM
<b>Income available for distribution</b>		<b>54,408</b>	<b>52,027</b>	<b>4.6</b>	<b>163,237</b>	<b>160,294</b>	<b>1.8</b>
<b>Distribution to Unitholders</b>	13	<b>54,408</b>	<b>52,027</b>	<b>4.6</b>	<b>163,237</b>	<b>160,294</b>	<b>1.8</b>
Distribution per Unit (cents)							
For the period		1.70	1.85	(8.1)	5.12	5.72	(10.5)
Annualised/Actual Distribution <sup>1</sup>		6.83	7.23	(5.5)	6.83	7.23	(5.5)

(1) Actual distribution is based on the 1.97 cents, 1.90 cents, 1.85 cents and 1.51 cents reported in 1Q2014, 2Q2014, 3Q2014 and 4Q2014 respectively.

NM – Not meaningful

**Notes:**

- (1) Included in other property expenses are the following:

	<u>Group</u>			
	3Q2015	3Q2014	YTD Sep 2015	YTD Sep 2014
	\$'000	\$'000	\$'000	\$'000
Marketing expenses	222	200	429	378
Utilities	772	839	2,482	2,471
Repair and maintenance	2,600	2,718	7,395	7,585
Property management reimbursements	353	515	1,349	1,235
Other property expenses	308	349	952	952
	4,255	4,621	12,607	12,621

- (2) For 3Q2015, this relates to the rental support top-up payments received by Keppel REIT for 77 King Street Office Tower, Sydney, the approximate 12.4% interest in Ocean Properties LLP ("OPLLP") which holds Ocean Financial Centre ("OFC") and the one-third interest in Central Boulevard Development Pte. Ltd. ("CBDPL") which holds Marina Bay Financial Centre ("MBFC") Tower 3. For YTD Sep 2015, the rental support top-up payments received by Keppel REIT also included its approximate 87.5% interest in OPLLP. For 3Q2014, the rental support top-up payments received by Keppel REIT were for 77 King Street Office Tower, Sydney, and the approximate 99.9% interest in OPLLP which holds OFC. For YTD Sep 2014, the rental support top-up payments received by Keppel REIT also included its additional 29% interest in Prudential Tower acquired on 2 November 2009 and the one-third interest in BFC Development LLP ("BFCDLLP") which holds MBFC Towers 1 and 2 and Marina Bay Link Mall. The rental support drawn down for OFC and MBFC Tower 3 for YTD Sep 2015 are \$4,669,000 and \$11,100,000 respectively.

- (3) Interest income comprises the following:

	<u>Group</u>			
	3Q2015	3Q2014	YTD Sep 2015	YTD Sep 2014
	\$'000	\$'000	\$'000	\$'000
Interest income from fixed deposits and current accounts	545	470	1,641	1,011
Interest income from shareholders' loans to One Raffles Quay Pte Ltd ("ORQPL") and BFCDLLP	6,275	5,403	18,984	16,006
Interest income from convertible notes in Mirvac 8 Chifley Trust and Mirvac (Old Treasury) Trust	2,437	2,448	7,146	11,406
	9,257	8,321	27,771	28,423

Interest income from convertible notes for the current periods relates to that of the Mirvac (Old Treasury) Trust ("MOTT") as the convertible notes in Mirvac 8 Chifley Trust ("M8CT") had been fully converted to units in June 2014. Keppel REIT ceased receiving coupon interest income from M8CT and started receiving distribution income subsequent to the conversion.

- (4) Share of results of associates for the current period relates to Keppel REIT's one-third interests in (i) ORQPL's and CBDPL's respective net profit after tax, and (ii) BFCDLLP's partnership profit. In the prior period, share of results of associates relates to Keppel REIT's one-third interests in (i) ORQPL's net profit after tax, and (ii) BFCDLLP's partnership profit.
- (5) Share of results of joint ventures relates to Keppel REIT's 50% interests in M8CT's and MOTT's respective net profit after tax.
- (6) Please refer to paragraph 1(b)(i), note 4.
- (7) Borrowing costs comprise the following:

	<u>Group</u>			
	3Q2015	3Q2014	YTD Sep 2015	YTD Sep 2014
	\$'000	\$'000	\$'000	\$'000
Interest expense on term loans	15,796	14,069	46,070	41,428
Interest expense on revolving loans	644	553	2,224	1,369
Amortisation of capitalised transaction costs	646	702	1,860	2,233
	17,086	15,324	50,154	45,030

- (8) The Manager has elected to receive 100% of its management fees earned in respect of all the properties in units of Keppel REIT for this quarter. In the prior period, the Manager elected to receive 100% of its management fees earned in respect of the approximate 87.5% interest in OPLLP, the 50% interest in 8 Exhibition Street as well as 50% of its management fees earned for the approximate 12.4% interest in OPLLP and the rest of the properties in units of Keppel REIT for FY2014.
- (9) This relates to the fair value change of an interest rate swap, which had been re-designated to hedge other existing loans subsequent to the repayment of a previously hedged loan. The change in fair value has no DPU impact.
- (10) This relates to the net change in fair value of the Old Treasury Building ("OTB") held through Keppel REIT's 50% interest in MOTT. Keppel REIT carried out a valuation for OTB subsequent to its receipt of the Certificate of Practical Completion on 31 August 2015. In the prior period, the net change in fair value was for Keppel REIT's 99.9% interest in Ocean Financial Centre, one-third interest in MBFC Phase One (comprising Towers 1 and 2 and Marina Bay Link Mall), one-third interest in One Raffles Quay and Bugis Junction Towers. A valuation was carried out for these properties in connection with the acquisition of the one-third interest in MBFC Tower 3.
- (11) Income tax expense comprises (i) tax of 17% on the rental support top-up payments received by Keppel REIT for its interests in CBDPL and OPLLP, net of deductible interest expense, (ii) withholding tax expense in relation to the income from the Group's investments in Australia and (iii) deferred tax on valuation gain of OTB. In the prior period, income tax expense comprised (i) tax of 17% on the rental support top-up payments received by Keppel REIT for its interests in BFCDLLP and OPLLP, net of deductible interest expense, and (ii) withholding tax expense in relation to the income from the Group's investments in Australia.
- (12) Included in the net tax and other adjustments are the following:

	<u>Group</u>			
	3Q2015	3Q2014	YTD Sep 2015	YTD Sep 2014
	\$'000	\$'000	\$'000	\$'000
Management fees paid and/or payable in units	12,460	7,728	37,210	23,001
Trustee's fees	308	277	913	817
Net change in fair value of investment properties (net of non-controlling interest)	(20,860)	(92,231)	(20,860)	(92,231)
Amortisation of intangible asset and capitalised transaction costs	5,109	10,399	16,311	30,356
Temporary differences and other adjustments	404	(12,347)	(1,038)	(17,276)
Other gains distribution	6,000	-	6,000	-
	3,421	(86,174)	38,536	(55,333)

Included in temporary differences and other adjustments and other items were share of results of associates and joint ventures, dividend and distributions income, fair value change of an interest rate swap, effect of recognising rental income on a straight line basis over the lease terms, non-taxable income and non-deductible expenses. Other gains distribution relates to distribution from the gain on divestment from Prudential Tower.

- (13) Keppel REIT has been distributing 100% of its taxable income available for distribution to Unitholders. The distribution to Unitholders is based on 100% of the taxable income available for distribution to Unitholders.

**1(a)(ii) Statement of comprehensive income together with a comparative statement for the corresponding period of the immediately preceding financial year**

**Statement of Comprehensive Income**

	<u>Group</u>					
	3Q2015	3Q2014	+(-) %	YTD Sep 2015	YTD Sep 2014	+(-) %
	\$'000	\$'000		\$'000	\$'000	%
<b>Total return after tax</b>	<b>51,005</b>	<b>138,265</b>	<b>(63.1)</b>	<b>124,755</b>	<b>215,729</b>	<b>(42.2)</b>
<b>Other comprehensive income:</b>						
Foreign currency translation	(29,532)	(26,054)	13.3	(89,663)	(1,898)	>500
<u>Cashflow hedges:</u>						
Net change in fair value of cash flow hedges	11,556	11,453	0.9	29,562	16,604	78.0
Share of net change in fair value of cash flow hedges of associates	2,314	380	>500	3,362	930	261.5
<b>Other comprehensive income for the period</b>	<b>(15,662)</b>	<b>(14,221)</b>	<b>10.1</b>	<b>(56,739)</b>	<b>15,636</b>	<b>NM</b>
<b>Total comprehensive income for the period</b>	<b>35,343</b>	<b>124,044</b>	<b>(71.5)</b>	<b>68,016</b>	<b>231,365</b>	<b>(70.6)</b>
<b>Attributable to:</b>						
Unitholders	35,323	123,979	(71.5)	67,957	231,263	(70.6)
Non-controlling interest	20	65	(69.2)	59	102	(42.2)
	<b>35,343</b>	<b>124,044</b>	<b>(71.5)</b>	<b>68,016</b>	<b>231,365</b>	<b>(70.6)</b>

NM –Not meaningful



1(b)(i) Balance sheets, together with a comparative statement of the end of the immediately preceding financial year

**Balance Sheets**

	Note	Group			Trust		
		30/9/2015	31/12/2014	+ / (-)	30/9/2015	31/12/2014	+ / (-)
		\$'000	\$'000	%	\$'000	\$'000	%
<b>Non-current assets</b>							
Investment properties	1	3,562,271	3,613,616	(1.4)	527,000	527,000	-
Investment in subsidiaries		-	-	-	1,837,852	1,837,852	-
Investment in associates	2	2,426,997	2,429,485	(0.1)	2,025,319	2,031,098	(0.3)
Advances to associates		606,222	613,222	(1.1)	606,222	613,222	(1.1)
Investment in joint ventures	3	287,624	288,931	(0.5)	-	-	-
Advances to joint venture	3	96,083	99,853	(3.8)	-	-	-
Amount owing by subsidiaries		-	-	-	802,440	876,886	(8.5)
Fixed assets		130	142	(8.5)	1	-	100.0
Intangible asset	4	42,135	56,607	(25.6)	36,106	46,623	(22.6)
Derivative financial instruments	5	19,883	2,081	>500	10,738	255	>500
<b>Total non-current assets</b>		<b>7,041,345</b>	<b>7,103,937</b>	<b>(0.9)</b>	<b>5,845,678</b>	<b>5,932,936</b>	<b>(1.5)</b>
<b>Current assets</b>							
Trade and other receivables	6	37,643	25,016	50.5	40,241	37,918	6.1
Prepaid expenses		1,257	629	99.8	100	23	334.8
Cash and bank balances		191,873	199,689	(3.9)	163,334	172,729	(5.4)
Derivative financial instruments	5	1,239	133	>500	1,239	133	>500
<b>Total current assets</b>		<b>232,012</b>	<b>225,467</b>	<b>2.9</b>	<b>204,914</b>	<b>210,803</b>	<b>(2.8)</b>
<b>Total assets</b>		<b>7,273,357</b>	<b>7,329,404</b>	<b>(0.8)</b>	<b>6,050,592</b>	<b>6,143,739</b>	<b>(1.5)</b>
<b>Current liabilities</b>							
Trade and other payables	7	57,332	84,469	(32.1)	32,284	64,022	(49.6)
Income received in advance		309	1,043	(70.4)	124	239	(48.1)
Short term borrowings		299,962	274,924	9.1	274,987	274,924	0.02
Current portion of security deposits		4,306	3,223	33.6	1,653	508	225.4
Derivative financial instruments	5	2,429	9,071	(73.2)	2,429	9,071	(73.2)
Provision for taxation		3,650	7,641	(52.2)	3,347	7,400	(54.8)
<b>Total current liabilities</b>		<b>367,988</b>	<b>380,371</b>	<b>(3.3)</b>	<b>314,824</b>	<b>356,164</b>	<b>(11.6)</b>
<b>Non-current liabilities</b>							
Income received in advance		50,740	61,871	(18.0)	50,278	61,021	(17.6)
Long term borrowings		2,374,885	2,390,439	(0.7)	1,937,835	1,928,554	0.5
Derivative financial instruments	5	-	6,894	(100.0)	-	4,724	(100.0)
Non-current portion of security deposits		26,245	25,074	4.7	2,451	3,237	(24.3)
Deferred tax liabilities		7,836	5,283	48.3	-	-	-
<b>Total non-current liabilities</b>		<b>2,459,706</b>	<b>2,489,561</b>	<b>(1.2)</b>	<b>1,990,564</b>	<b>1,997,536</b>	<b>(0.3)</b>
<b>Total liabilities</b>		<b>2,827,694</b>	<b>2,869,932</b>	<b>(1.5)</b>	<b>2,305,388</b>	<b>2,353,700</b>	<b>(2.1)</b>
<b>Net assets</b>		<b>4,445,663</b>	<b>4,459,472</b>	<b>(0.3)</b>	<b>3,745,204</b>	<b>3,790,039</b>	<b>(1.2)</b>
Represented by:							
<b>Unitholders' funds</b>		<b>4,443,605</b>	<b>4,457,420</b>	<b>(0.3)</b>	<b>3,745,204</b>	<b>3,790,039</b>	<b>(1.2)</b>
<b>Non-controlling interest</b>		<b>2,058</b>	<b>2,052</b>	<b>0.3</b>	<b>-</b>	<b>-</b>	<b>-</b>
		<b>4,445,663</b>	<b>4,459,472</b>	<b>(0.3)</b>	<b>3,745,204</b>	<b>3,790,039</b>	<b>(1.2)</b>
Net asset value per unit (\$)		1.39	1.41		1.17	1.20	

**Notes:**

- (1) *The decrease in investment properties is due mainly to translation differences arising from the Australian properties.*
- (2) *This relates to the one-third equity interests in ORQPL, BFCDLLP and CBDPL, and the Group's share of post-acquisition results of these associates.*
- (3) *This relates to the 50% interest in M8CT and Mirvac 8 Chifley Pty Limited, and 50% interest in MOTT and Mirvac (Old Treasury) Pty Limited. The properties held through M8CT and MOTT are 8 Chifley Square and the office tower and its annexe on the site of the Old Treasury Building respectively. Advances to joint venture relate to convertible notes held in MOTT.*
- (4) *This relates to the unamortised aggregate rental support top-up payments receivable by the Group for its 100% interest in the office tower at 77 King Street, Sydney, the approximate 12.4% interest in OPLLP and its one-third interest in CBDPL which holds MBFC Tower 3. In the prior period, the balance relates to the unamortised aggregate rental support top-up payments receivable by the Group for its 100% interest in the office tower at 77 King Street, Sydney, the approximate 99.9% interest in OPLLP and its one-third interest in CBDPL. The intangible asset is amortised over the remaining rental support periods for the respective properties.*
- (5) *This relates to the fair value of the foreign currency forward contracts entered into in relation to the income from the Australian properties and the fair value of interest rate swaps entered into by the Group.*
- (6) *Included in the balances are dividend receivables from associates and joint ventures of \$19.5 million (31 December 2014: \$1.0 million) and receivables for rental support top-up payments of \$4.8 million (31 December 2014: \$11.9 million).*
- (7) *Included in the balances for the comparative period was an accrued advanced distribution of \$37.6 million for the period 1 October to 15 December 2014, which has been paid on 21 January 2015.*

1(b)(ii) **Aggregate Amount of Borrowings and Debt Securities**

	<b>Group</b>	
	<b>As at 30/9/2015</b>	<b>As at 31/12/2014</b>
	\$'000	\$'000
<b>Secured borrowings</b>		
Amount repayable within one year	175,000	175,000
Amount repayable after one year	466,454	466,454
Less: Unamortised portion of fees	(1,829)	(2,474)
	<b>639,625</b>	<b>638,980</b>
<b>Unsecured borrowings</b>		
Amount repayable within one year	125,100	100,000
Amount repayable after one year	1,914,882	1,930,859
Less: Unamortised portion of fees	(4,760)	(4,476)
	<b>2,035,222</b>	<b>2,026,383</b>
<b>Total borrowings</b>	<b>2,674,847</b>	<b>2,665,363</b>

**Details of Collaterals**

As security for the 5-year term loan facilities of \$175.0 million, the Group mortgaged its Bugis Junction Towers. In addition, Keppel REIT granted the lender the following:

- (i) an assignment of the rights, title and interest of the Trust and the insurances effected over Bugis Junction Towers;
- (ii) an assignment of all the rights, benefits, title and interest of the Trust in and to the property sale agreement and tenancy agreements relating to Bugis Junction Towers; and
- (iii) a debenture creating fixed and floating charges over all assets of the Trust relating to Bugis Junction Towers.

For the 5-year term loan facility of \$505.0 million, the Group granted the lenders securities of up to an aggregate principal amount of \$900.0 million comprising a mortgage against OFC and the following:

- (i) an assignment of construction contracts and construction guarantees; and
- (ii) an assignment of rental and insurance proceeds derived from OFC.

As at 30 September 2015, the Group had total borrowings of approximately \$2,681.4 million and an unutilised \$875.7 million of facilities available to meet its future obligations. The year-to-date all-in interest rate was 2.51% as at 30 September 2015.

1(c) Consolidated Statement of Cash Flows

	Note	<u>Group</u>			
		3Q2015	3Q2014	YTD Sep 2015	YTD Sep 2014
		\$'000	\$'000	\$'000	\$'000
<b>Operating activities</b>					
Total return before tax		55,480	141,798	132,932	224,698
Adjustments for:					
Interest income		(9,257)	(8,321)	(27,771)	(28,423)
Amortisation expense		4,463	9,697	14,451	28,123
Share of results of associates		(18,513)	(14,401)	(58,833)	(44,630)
Share of results of joint ventures		(3,907)	(3,969)	(12,006)	(5,720)
Borrowing costs		17,086	15,324	50,154	45,030
Management fees paid and/or payable in units		12,460	7,728	37,210	23,001
Net change in fair value of investment properties		(20,860)	(92,277)	(20,860)	(92,277)
Gain on divestment of investment property		-	(16,179)	-	(16,179)
Changes in fair value of interest rate swap		(1,014)	4,909	(2,882)	4,909
Depreciation		11	11	34	32
Rental support income		(4,820)	(12,655)	(15,847)	(37,950)
Translation differences		(5)	1,265	648	119
<b>Operating cash flows before changes in working capital</b>		<b>31,124</b>	<b>32,930</b>	<b>97,230</b>	<b>100,733</b>
Increase in receivables		(4,012)	(263)	(2,493)	(2,281)
Increase/(Decrease) in payables		2,853	29,126	(2,251)	(74)
Increase/(Decrease) in security deposits		504	(5,978)	2,254	(6,065)
Cash flows from operations		30,469	55,815	94,740	92,313
Income taxes paid		(3,261)	(3,982)	(9,419)	(11,428)
<b>Net cash flows generated from operating activities</b>		<b>27,208</b>	<b>51,833</b>	<b>85,321</b>	<b>80,885</b>
<b>Investing activities</b>					
Improvement in investment properties		(793)	(140)	(1,002)	(1,456)
Net proceeds from divestment of investment property		-	460,800	-	512,000
Purchase of fixed assets		-	(4)	(22)	(162)
Interest received		9,472	8,093	28,559	32,027
Rental support received		4,848	12,248	22,930	46,254
Investment in joint ventures		-	(22,120)	(5,699)	(82,222)
Advances to joint ventures		-	-	(6,075)	-
Repayment of advance from an associate		-	-	7,000	-
Reimbursement of development costs for the interest in an associate		-	-	4,967	-
Distribution received from joint ventures		3,539	2,484	10,942	3,257
Dividend income/distribution received from associates		19,953	16,280	40,392	31,932
<b>Net cash flows generated from investing activities</b>		<b>37,019</b>	<b>477,641</b>	<b>101,992</b>	<b>541,630</b>
<b>Financing activities</b>					
Distribution to Unitholders (net of distribution in Units)	1	(52,132)	(53,222)	(151,989)	(162,877)
Proceeds from issuance of Medium Term Notes		-	-	50,000	-
Loans drawdown		-	25,866	111,774	368,211
Repayment of loan		-	(250,000)	(150,000)	(506,975)
Payment of financing expenses/upfront debt arrangement costs		(500)	-	(1,607)	(1,176)
Proceeds from placement		-	228,150	-	228,150
Partnership distribution to non-controlling interest		(18)	(18)	(48)	(50)
Interest paid		(11,049)	(10,190)	(40,307)	(37,804)
Issue expenses		-	(3,574)	-	(3,574)
<b>Net cash flows used in financing activities</b>		<b>(63,699)</b>	<b>(62,988)</b>	<b>(182,177)</b>	<b>(116,095)</b>
<b>Net increase in cash and cash equivalents</b>		<b>528</b>	<b>466,486</b>	<b>5,136</b>	<b>506,420</b>
Cash and cash equivalents at the beginning of period		141,189	111,693	137,818	71,140
Effect of exchange rate changes on cash and cash equivalents		(584)	(660)	(1,821)	(41)
<b>Cash and cash equivalents at the end of period</b>		<b>141,133</b>	<b>577,519</b>	<b>141,133</b>	<b>577,519</b>
<b>Comprising:</b>					
Cash and bank balances		191,873	591,374	191,873	591,374
Less: Rental support received in advance held in designated accounts	2	(50,740)	(13,855)	(50,740)	(13,855)
<b>Cash and cash equivalents per Consolidated Statement of Cash Flows</b>		<b>141,133</b>	<b>577,519</b>	<b>141,133</b>	<b>577,519</b>

**Note:**

- (1) Distribution for YTD Sep 2015 is for the period of 1 October 2014 to 15 December 2014, paid on 21 January 2015, 16 December 2014 to 31 December 2014, paid on 27 February 2015, 1 January 2015 to 31 March 2015, paid on 28 May 2015 and 1 April 2015 to 30 June 2015, paid on 28 August 2015.  
Distribution for YTD Sep 2014 is for the period 1 October 2013 to 31 December 2013, paid on 28 February 2014, 1 January 2014 to 31 March 2014, paid on 28 May 2014 and 1 April 2014 to 30 June 2014, paid on 28 August 2014.
- (2) This relates to the rental support top-up payments received in advance by Keppel REIT held in designated accounts for the 12.4% interest in OPLL, the office tower at 77 King Street and the one-third interest in MBFC Tower 3. In the prior period, the rental support top-up payments received in advance by Keppel REIT held in designated accounts were for the 12.4% interest in OPLL and the office tower at 77 King Street.

1(d)(i) Statements of Movements in Unitholders' Funds

Group	Note	Units in Issue \$'000	Accumulated Profits \$'000	Foreign Currency Translation Reserve \$'000	Hedging Reserve \$'000	Discount on Acquisition of		Unitholders' Funds \$'000	Non- Controlling Interest \$'000	Total \$'000
						Controlling Interest \$'000	Non- Controlling Interest \$'000			
<b>At 1 January 2015</b>		<b>3,354,095</b>	<b>1,234,402</b>	<b>(123,164)</b>	<b>(11,135)</b>	<b>3,222</b>		<b>4,457,420</b>	<b>2,052</b>	<b>4,459,472</b>
Return for the period		-	73,714	-	-	-	-	73,714	36	73,750
Other comprehensive income	1	-	-	(60,131)	19,051	-	-	(41,080)	3	(41,077)
Total comprehensive income		-	73,714	(60,131)	19,051	-	-	32,634	39	32,673
Issue of units for payment of management fees	2	20,073	-	-	-	-	-	20,073	-	20,073
Issue expense adjustments	3	(70)	-	-	-	-	-	(70)	-	(70)
Distribution to Unitholders		(3,177)	(59,075)	-	-	-	-	(62,252)	-	(62,252)
Distribution of partnership profits to non-controlling interest		-	-	-	-	-	-	-	(36)	(36)
<b>At 30 June 2015</b>		<b>3,370,921</b>	<b>1,249,041</b>	<b>(183,295)</b>	<b>7,916</b>	<b>3,222</b>		<b>4,447,805</b>	<b>2,055</b>	<b>4,449,860</b>
Return for the period		-	50,987	-	-	-	-	50,987	18	51,005
Other comprehensive income	1	-	-	(29,532)	13,868	-	-	(15,664)	2	(15,662)
Total comprehensive income		-	50,987	(29,532)	13,868	-	-	35,323	20	35,343
Issue of units for payment of management fees	2	12,404	-	-	-	-	-	12,404	-	12,404
Issue expense adjustments	3	206	-	-	-	-	-	206	-	206
Distribution Reinvestment Plan		2,687	(2,687)	-	-	-	-	-	-	-
Distribution to Unitholders		(3,187)	(48,946)	-	-	-	-	(52,133)	-	(52,133)
Distribution of partnership profits to non-controlling interest		-	-	-	-	-	-	-	(17)	(17)
<b>At 30 September 2015</b>		<b>3,383,031</b>	<b>1,248,395</b>	<b>(212,827)</b>	<b>21,784</b>	<b>3,222</b>		<b>4,443,605</b>	<b>2,058</b>	<b>4,445,663</b>

1(d)(i) Statements of Movements in Unitholders' Funds (cont'd)

		Units in Issue	Accumulated	Foreign	Hedging	Discount on	Non-	Non-	Total
	Note	\$'000	Profits	Currency	Reserve	Acquisition of	Controlling	Controlling	\$'000
Group			\$'000	Translation	\$'000	Interest	Interest	Interest	\$'000
<b>At 1 January 2014</b>		<b>2,924,291</b>	<b>1,092,311</b>	<b>(94,828)</b>	<b>(28,003)</b>	<b>3,222</b>	<b>3,896,993</b>	<b>1,978</b>	<b>3,898,971</b>
Return for the period		-	77,426	-	-	-	77,426	38	77,464
Other comprehensive income	1	-	-	24,156	5,702	-	29,858	(1)	29,857
Total comprehensive income		-	77,426	24,156	5,702	-	107,284	37	107,321
Issue of units for payment of management fees	4	15,330	-	-	-	-	15,330	-	15,330
Distribution to Unitholders		(14,224)	(95,431)	-	-	-	(109,655)	-	(109,655)
Distribution of partnership profits to non-controlling interest		-	-	-	-	-	-	(38)	(38)
<b>At 30 June 2014</b>		<b>2,925,397</b>	<b>1,074,306</b>	<b>(70,672)</b>	<b>(22,301)</b>	<b>3,222</b>	<b>3,909,952</b>	<b>1,977</b>	<b>3,911,929</b>
Return for the period		-	138,201	-	-	-	138,201	64	138,265
Other comprehensive income	1	-	-	(26,054)	11,832	-	(14,222)	1	(14,221)
Total comprehensive income		-	138,201	(26,054)	11,832	-	123,979	65	124,044
Issue of units for payment of management fees	4	7,603	-	-	-	-	7,603	-	7,603
Issue of placement units	5	228,150	-	-	-	-	228,150	-	228,150
Issue expenses	6	(3,574)	-	-	-	-	(3,574)	-	(3,574)
Distribution to Unitholders		(2,802)	(50,420)	-	-	-	(53,222)	-	(53,222)
Distribution of partnership profits to non-controlling interest		-	-	-	-	-	-	(18)	(18)
<b>At 30 September 2014</b>		<b>3,154,774</b>	<b>1,162,087</b>	<b>(96,726)</b>	<b>(10,468)</b>	<b>3,222</b>	<b>4,212,888</b>	<b>2,024</b>	<b>4,214,912</b>

**1(d)(i) Statements of Movements in Unitholders' Funds (cont'd)**

**Notes:**

- (1) *Other comprehensive income relates to the movement in foreign currency translation reserve arising from the translation of foreign entities and intercompany loans that form part of the Group's net investment in foreign entities, fair value changes of the cash flow hedges as a result of interest rate swaps and foreign currency forward contracts entered into by the Group and share of hedging reserves of associates.*
- (2) *This represents 6,474,804, 10,302,623 and 10,842,121 units issued in 1Q2015, 2Q2015 and 3Q2015 as payment of management fees in units.*
- (3) *The issue expense adjustments are in relation to the placement of 195 million units at an issue price of \$1.17 per unit in the prior year. The net proceeds raised were used for the acquisition of the one-third interest in MBFC Tower 3.*
- (4) *This represents 6,591,764, 6,715,908 and 5,985,399 units issued in 1Q2014, 2Q2014 and 3Q2014 as payment of management fees in units.*
- (5) *This relates to the placement as mentioned in note 3 above.*
- (6) *This relates to issue expenses in relation to the placement as mentioned in note 3 above.*

<b>Trust</b>	<i>Note</i>	<u>Units in Issue</u> \$'000	<u>Accumulated Profits</u> \$'000	<u>Hedging Reserve</u> \$'000	<u>Total</u> \$'000
<b>At 1 January 2015</b>		<b>3,354,095</b>	<b>445,472</b>	<b>(9,528)</b>	<b>3,790,039</b>
Return for the period		-	16,588	-	16,588
Other comprehensive income	1	-	-	12,815	12,815
Total comprehensive income		-	16,588	12,815	29,403
Issue of units for payment of management fees	2	20,073	-	-	20,073
Issue expense adjustments	3	(70)	-	-	(70)
Distribution to Unitholders		(3,177)	(59,075)	-	(62,252)
<b>At 30 June 2015</b>		<b>3,370,921</b>	<b>402,985</b>	<b>3,287</b>	<b>3,777,193</b>
Return for the period		-	277	-	277
Other comprehensive income	1	-	-	7,257	7,257
Total comprehensive income		-	277	7,257	7,534
Issue of units for payment of management fees	2	12,404	-	-	12,404
Issue expense adjustments	3	206	-	-	206
Distribution Reinvestment Plan		2,687	(2,687)	-	-
Distribution to Unitholders		(3,187)	(48,946)	-	(52,133)
<b>At 30 September 2015</b>		<b>3,383,031</b>	<b>351,629</b>	<b>10,544</b>	<b>3,745,204</b>

1(d)(i) Statements of Movements in Unitholders' Funds (cont'd)

<u>Trust</u>		<u>Units in Issue</u>	<u>Accumulated</u>	<u>Hedging</u>	<u>Total</u>
	<i>Note</i>	\$'000	Profits	Reserve	\$'000
			\$'000	\$'000	\$'000
<b>At 1 January 2014</b>		<b>2,924,291</b>	<b>479,884</b>	<b>(26,233)</b>	<b>3,377,942</b>
Return for the period		-	120,916	-	120,916
Other comprehensive income	1	-	-	6,398	6,398
Total comprehensive income		-	120,916	6,398	127,314
Issue of units for payment of management fees	4	15,330	-	-	15,330
Distribution to Unitholders		(14,224)	(95,431)	-	(109,655)
<b>At 30 June 2014</b>		<b>2,925,397</b>	<b>505,369</b>	<b>(19,835)</b>	<b>3,410,931</b>
Return for the period		-	43,112	-	43,112
Other comprehensive income	1	-	-	9,580	9,580
Total comprehensive income		-	43,112	9,580	52,692
Issue of units for payment of management fees	4	7,603	-	-	7,603
Issue of placement units	5	228,150	-	-	228,150
Issue expenses	6	(3,574)	-	-	(3,574)
Distribution to Unitholders		(2,802)	(50,420)	-	(53,222)
<b>At 30 September 2014</b>		<b>3,154,774</b>	<b>498,061</b>	<b>(10,255)</b>	<b>3,642,580</b>

**Notes:**

- (1) This relates to fair value changes of the cash flow hedges as a result of interest rate swaps and foreign currency forward contracts entered into by the Trust.
- (2) This represents 6,474,804, 10,302,623 and 10,842,121 units issued in 1Q2015, 2Q2015 and 3Q2015 as payment of management fees in units.
- (3) The issue expense adjustments are in relation to the placement of 195 million units at an issue price of \$1.17 per unit in the prior year. The net proceeds raised were used for the acquisition of the one-third interest in MBFC Tower 3.
- (4) This represents 6,591,764, 6,715,908 and 5,985,399 units issued in 1Q2014, 2Q2014 and 3Q2014 as payment of management fees in units.
- (5) This relates to the placement as mentioned in note 3 above.
- (6) This relates to issue expenses in relation to the placement as mentioned in note 3 above.



**1(d)(ii) Details of Changes in the Units**

	<u>Group and Trust</u>	
	<b>2015</b>	<b>2014</b>
	<b>Units</b>	<b>Units</b>
<b>Issued units as at 1 January</b>	<b>3,170,433,879</b>	<b>2,787,681,875</b>
Issue of new units:		
- Payment of management fees	16,777,427	13,307,672
<b>Issued units as at 30 June</b>	<b>3,187,211,306</b>	<b>2,800,989,547</b>
Issue of new units:		
- Payment of management fees	10,842,121	5,985,399
- Distribution Reinvestment Plan	2,431,820	-
- Placement units	-	195,000,000
<b>Issued units as at 30 September</b>	<b>3,200,485,247</b>	<b>3,001,974,946</b>

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period, and as at the end of the immediately preceding year.**

Keppel REIT did not hold any treasury units as at 30 September 2015 and 31 December 2014.

Total number of issued units in Keppel REIT as at 30 September 2015 and 31 December 2014 were 3,200,485,247 and 3,170,433,879 respectively.

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

**2. AUDIT**

The figures have neither been audited nor reviewed by the auditors.

**3. AUDITORS' REPORT**

Not applicable.

**4. ACCOUNTING POLICIES**

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS ("INT FRS") that are effective for annual period beginning on 1 January 2015.

**5. CHANGES IN ACCOUNTING POLICIES**

Not applicable.

6. CONSOLIDATED EARNINGS PER UNIT (“EPU”) AND DISTRIBUTION PER UNIT (“DPU”)

	<u>Group</u>			
	3Q2015	3Q2014	YTD Sep 2015	YTD Sep 2014
<b>EPU</b> (based on weighted average number of units as at the end of the period)				
Based on total return before divestment gain and fair value change of investment properties	1.03 cents	1.06 cents	3.35 cents	3.83 cents
Based on total return after divestment gain and fair value change of investment properties	1.60 cents	4.92 cents	3.92 cents	7.70 cents
- Weighted average number of units as at the end of the period	3,195,534,518	2,809,327,374	3,184,837,511	2,800,195,839
<b>DPU</b> (based on the number of units as at the end of the period)	1.70 cents	1.85 cents	5.12 cents <sup>1</sup>	5.72 cents <sup>2</sup>
- Number of units in issue as at the end of the period	3,200,485,247	3,001,974,946	3,200,485,247	3,001,974,946

The diluted EPU is the same as the basic EPU as there are no dilutive instruments in issue during the periods.

**Notes:**

- (1) DPU of 5.12 cents for YTD Sep 2015 is based on 1.70 cents, 1.72 cents and 1.70 cents announced during the 1Q2015, 2Q2015 and 3Q2015 financial results announcements respectively.
- (2) DPU of 5.72 cents for YTD Sep 2014 is based on 1.97 cents, 1.90 cents and 1.85 cents announced during the 1Q2014, 2Q2014 and 3Q2014 financial results announcements respectively.

7. NET ASSET VALUE (“NAV”)

	<u>Group</u>		<u>Trust</u>	
	As at 30/09/15	As at 31/12/14	As at 30/09/15	As at 31/12/14
NAV <sup>1</sup> per unit (\$) based on issued units at the end of the period	1.39	1.41	1.17	1.20
Adjusted NAV per unit (\$) based on issued units at the end of the period (excluding the distributable income)	1.37	1.40	1.15	1.19

**Note:**

- (1) This excludes non-controlling interest's share of net asset value.

## 8. REVIEW OF PERFORMANCE

### 8(i) Property Income Contribution of the Properties

Property	3Q2015	3Q2014	Group		YTD Sep 2015	YTD Sep 2014	+/(-) %
			+	-			
	\$'000	\$'000	%		\$'000	\$'000	%
Prudential Tower <sup>1</sup>	-	5,038	(100.0)		-	15,528	(100.0)
Bugis Junction Towers	5,620	5,298	6.1		16,864	15,561	8.4
Ocean Financial Centre	25,578	24,414	4.8		75,789	72,750	4.2
275 George Street	4,609	5,272	(12.6)		14,312	15,558	(8.0)
77 King Street	2,524	2,974	(15.1)		8,221	8,959	(8.2)
8 Exhibition Street	3,852	4,632	(16.8)		12,366	13,400	(7.7)
<b>Total property income</b>	<b>42,183</b>	<b>47,628</b>	<b>(11.4)</b>		<b>127,552</b>	<b>141,756</b>	<b>(10.0)</b>

### 8(ii) Income Contribution of the Properties

Property	3Q2015	3Q2014	Group		YTD Sep 2015	YTD Sep 2014	+/(-) %
			+	-			
	\$'000	\$'000	%		\$'000	\$'000	%
Prudential Tower <sup>1</sup>	-	4,366	(100.0)		-	13,250	(100.0)
Bugis Junction Towers	4,500	4,188	7.4		14,239	12,270	16.0
Ocean Financial Centre	20,470	20,012	2.3		61,187	62,028	(1.4)
275 George Street	3,668	4,347	(15.6)		11,620	12,658	(8.2)
77 King Street	2,047	2,292	(10.7)		6,630	7,106	(6.7)
8 Exhibition Street	2,711	3,319	(18.3)		9,018	9,871	(8.6)
<b>Total net property income</b>	<b>33,396</b>	<b>38,524</b>	<b>(13.3)</b>		<b>102,694</b>	<b>117,183</b>	<b>(12.4)</b>
One-third interest in ORQL <sup>2</sup> :							
- Interest income	486	421	15.4		1,469	1,215	20.9
- Dividend income	5,617	7,095	(20.8)		18,560	20,868	(11.1)
<b>Total income</b>	<b>6,103</b>	<b>7,516</b>	<b>(18.8)</b>		<b>20,029</b>	<b>22,083</b>	<b>(9.3)</b>
One-third interest in BFCDLLP <sup>3</sup> and CBDPL <sup>3</sup> :							
- Rental support	3,700	-	100.0		11,100	1,437	>500
- Interest income	5,789	4,982	16.2		17,515	14,791	18.4
- Dividend income	12,895	9,344	38.0		40,344	27,503	46.7
<b>Total income</b>	<b>22,384</b>	<b>14,326</b>	<b>56.2</b>		<b>68,959</b>	<b>43,731</b>	<b>57.7</b>
50% interest in M8CT <sup>4</sup> :							
- Interest income	-	-	-		-	5,157	(100.0)
- Distribution income	3,056	2,958	3.3		9,176	2,958	210.2
<b>Total income</b>	<b>3,056</b>	<b>2,958</b>	<b>3.3</b>		<b>9,176</b>	<b>8,115</b>	<b>13.1</b>
50% interest in MOTT <sup>5</sup> :							
- Interest income	2,437	2,448	(0.4)		7,146	6,249	14.4
- Distribution income	574	486	18.1		1,706	1,259	35.5
<b>Total income</b>	<b>3,011</b>	<b>2,934</b>	<b>2.6</b>		<b>8,852</b>	<b>7,508</b>	<b>17.9</b>

#### Notes:

- (1) Prudential Tower was divested on 26 September 2014.
- (2) Comprises one-third interest in ORQL which holds One Raffles Quay.
- (3) Comprise one-third interest in BFCDLLP and CBDPL which hold Marina Bay Financial Centre Tower 1, 2 and 3 and Marina Bay Link Mall.
- (4) Comprises 50% interest in M8CT which holds 8 Chifley Square.
- (5) Comprises 50% interest in MOTT which holds OTB. OTB received its Certificate of Practical Completion on 31 August 2015.

## 8. REVIEW OF PERFORMANCE (CONT'D)

### Review of Performance for YTD Sep 2015 vs YTD Sep 2014

Property income and net property income for YTD Sep 2015 were \$127.6 million and \$102.7 million respectively, compared to the property income and net property income of \$141.8 million and \$117.2 million respectively for YTD Sep 2014. The variances were attributable mainly to the divestment of Prudential Tower on 26 September 2014. This was partially offset by higher property income from OFC and Bugis Junction Towers and higher net property income from Bugis Junction Towers.

The Group's net income before divestment gain and net change in fair value of investment properties for YTD Sep 2015 was \$112.1 million, compared to \$116.2 million for YTD Sep 2014. This variance was attributable mainly to the divestment of Prudential Tower, lower rental support, lower interest income, higher borrowing costs, higher management fees and higher trust expenses which were offset by higher net property income from Bugis Junction Towers, higher share of results of associates and joint ventures and lower amortisation expenses, as well as the changes in fair value of interest rate swap.

The Group's total return before tax for YTD Sep 2015 was \$132.9 million, compared to \$224.7 million for YTD Sep 2014. This variance was mainly due to the divestment gain of Prudential Tower as well as higher fair value gain on investment properties for YTD Sep 2014.

### Review of Performance for 3Q2015 vs 3Q2014

Property income and net property income for 3Q2015 were \$42.2 million and \$33.4 million respectively, compared to the property income and net property income of \$47.6 million and \$38.5 million respectively for 3Q2014. The variances were attributable mainly to the divestment of Prudential Tower on 26 September 2014. This was partially offset by higher property income and net property income from OFC and Bugis Junction Towers.

The Group's net income before divestment gain and net change in fair value of investment properties for 3Q2015 was \$34.6 million, an increase of \$1.3 million from \$33.3 million for 3Q2014. This variance was attributable mainly to the higher net property income from OFC and Bugis Junction Towers, higher interest income, higher share of results of associates, lower amortisation expenses and lower trust expenses, as well as the changes in fair value of interest rate swap which were offset by the absence of income contribution from the divestment of Prudential Tower, lower rental support, lower share of results of joint ventures, higher borrowing costs and higher management fees.

The Group's total return before tax for 3Q2015 was \$55.5 million, compared to \$141.8 million for 3Q2014. This variance was mainly due to the divestment gain of Prudential Tower as well as higher fair value gain on investment properties for 3Q2014.

## 9. VARIANCE FROM FORECAST STATEMENT

Not applicable.

## 10. PROSPECTS

Advance estimates by the Ministry of Trade and Industry (MTI) indicate that the Singapore economy expanded 1.4% year-on-year (y-o-y) in 3Q2015, supported by growth in the construction and services sectors. Singapore is expected to record a modest 2.0% to 2.5% growth for the whole of 2015.

According to CBRE<sup>1</sup>, occupancy in Singapore's core Central Business District stood at 95.8% as at 3Q2015 on the back of a slowing economy. Office rents recorded a second quarter of correction, with average Grade A rents at \$10.90 psf per month. Nonetheless, 3Q2015 continued to see firms in the TMT sector, Asian financial institutions and pharmaceutical companies picking up office space as landlords adopt a more proactive approach towards leasing.

The Australia economy grew 2.0% y-o-y in 2Q2015, with full-year growth expected at 2.5%. The Reserve Bank of Australia maintained the official cash rate at 2.0% to foster growth, particularly in the housing and infrastructure sectors.

Improved office occupancy levels were recorded in Sydney and Melbourne in 2Q2015. Demand was driven by growth in the TMT sector, finance and insurance industry as well as real estate services. These sectors are expected to drive office demand in the short- to medium-term.

During the quarter, the Manager acquired three remaining prime street-fronting retail units at 8 Exhibition Street in Melbourne. This DPU accretive acquisition, completed on 12 October 2015, provides Keppel REIT with strategic control over the 35-storey freehold office building and all five retail units within the development.

Notwithstanding the supply of office spaces from both upcoming and existing buildings, the Manager has completed its review for all leases due in 2015. In addition, it has renewed nearly all of the leases due for renewal in 2015. As at 3Q2015, the Manager has achieved a positive rent reversion averaging 16% for office leases signed, renewed and reviewed year-to-date. The Manager continues to maintain healthy tenant retention rate and an overall portfolio occupancy level of approximately 90% and 98.5% respectively.

Looking ahead, market conditions are expected to be challenging due to the upcoming office supply over the next two years and possible rising interest rate environment. The Manager will continue to intensify its tenant retention and engagement efforts to support occupancy and rental rates, while maintaining a well-staggered lease expiry profile for sustainable and resilient returns. The Manager will maintain its disciplined capital management approach to mitigate financing, interest and foreign exchange risks.

<sup>1</sup> Preliminary numbers by CBRE, 3Q2015.

## 11. RISK FACTORS AND RISK MANAGEMENT

The Manager ascribes importance to risk management and constantly takes initiatives to systematically review the risks it faces and mitigates them. Some of the key risks that the Manager has identified are as follows:

### **Interest rate risk**

The Manager constantly monitors its exposure to changes in interest rates for its interest-bearing financial liabilities. Interest rate risk is managed on an on-going basis with the primary objective of limiting the extent to which net interest expense can be affected by adverse movements in interest rates through financial instruments or other suitable financial products.

### **Liquidity risk**

The Manager monitors and maintains Keppel REIT's cash flow position and working capital to ensure that there are adequate liquid reserves in terms of cash and credit facilities to meet short-term obligations. Steps have been taken to plan for funding and expense requirements so as to manage the cash position at any point of time.

### **Credit risk**

Credit risk assessments of tenants are carried out by way of evaluation of information from corporate searches conducted prior to the signing of lease agreements. Tenants are required to pay a security deposit as a multiple of monthly rents and maintain sufficient deposits in their accounts. In addition, the Manager also monitors the property portfolio's tenant trade sector mix to assess and manage exposure to any one potentially volatile trade sector.

### **Currency risk**

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.

### **Operational risk**

Measures have been put in place for sustainability of net property income. Some of these measures include steps taken to negotiate for favourable terms/covenants, manage expenses, and actively monitor rental payments from tenants, continuously evaluate the Group's counter-parties and maximise property value. In addition, the Manager also continuously reviews disaster and pandemic business continuity plans and modifies them, when necessary.

## 12. DISTRIBUTIONS

### (a) Current Financial Period Reported on

Name of Distribution	1 July 2015 to 30 September 2015
Distribution type	(a) Taxable income (b) Tax-exempt income (c) Other gains distribution (d) Capital distribution
Distribution rate	(a) Taxable income distribution - 1.14 cents per unit (b) Tax-exempt income distribution - 0.27 cents per unit (c) Other gains distribution - 0.19 cents per unit (d) Capital distribution - 0.10 cents per unit
Tax rate	<p><u>Taxable income distribution</u> Individuals who receive such distribution as investment income will be exempted from tax.</p> <p>Qualifying Unitholders will receive pre-tax distributions and pay tax on the distributions at their own marginal rates subsequently.</p> <p>Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax-exempt.</p> <p>Subject to meeting certain conditions, foreign non-individual unitholders will receive their distributions after deduction of tax at the rate of 10%.</p> <p>All other investors will receive their distributions after deduction of tax at the rate of 17%.</p> <p><u>Tax-exempt income distribution</u> Tax-exempt income distribution is exempt from tax in the hands of all Unitholders. Tax-exempt income relates to net taxed income and one-tier dividend income received by Keppel REIT.</p> <p><u>Other gains distribution</u> Other gains distribution is not taxable in the hands of all Unitholders.</p> <p><u>Capital distribution</u> Capital distribution represents a return of capital to Unitholders for Singapore income tax purposes and is therefore not subject to income tax. For Unitholders who are liable to Singapore income tax on profits from sale of Keppel REIT units, the amount of capital distribution will be applied to reduce the cost base of their Keppel REIT units for Singapore income tax purposes.</p>

**12. DISTRIBUTIONS (CONT'D)**

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Name of Distribution	(i) Distribution for 1 July 2014 to 28 September 2014 (ii) Distribution for 29 September 2014 to 30 September 2014
Distribution type	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
Distribution rate	(i) Distribution for 1 July 2014 to 28 September 2014 (a) Taxable income distribution - 1.07 cents per unit (b) Tax-exempt income distribution - 0.63 cents per unit (c) Capital distribution - 0.10 cents per unit  (ii) Distribution for 29 September 2014 to 30 September 2014 (a) Taxable income distribution - 0.02 cents per unit (b) Tax-exempt income distribution - 0.03 cents per unit
Tax rate	<u>Taxable income distribution</u> Individuals who receive such distribution as investment income will be exempted from tax.  Qualifying Unitholders will receive pre-tax distributions and pay tax on the distributions at their own marginal rates subsequently.  Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax-exempt.  Subject to meeting certain conditions, foreign non-individual unitholders will receive their distributions after deduction of tax at the rate of 10%.  All other investors will receive their distributions after deduction of tax at the rate of 17%.  <u>Tax-exempt income distribution</u> Tax-exempt income distribution is exempt from tax in the hands of all Unitholders. Tax-exempt income relates to net taxed income and one-tier dividend income received by Keppel REIT.  <u>Capital distribution</u> Capital distribution represents a return of capital to Unitholders for Singapore income tax purposes and is therefore not subject to income tax. For Unitholders who are liable to Singapore income tax on profits from sale of Keppel REIT units, the amount of capital distribution will be applied to reduce the cost base of their Keppel REIT units for Singapore income tax purposes.

**(c) Books Closure Date**

27 October 2015

**(d) Date Payable**

27 November 2015

**13. DISTRIBUTION STATEMENT**

Other than as disclosed in paragraph 12(a), no distribution has been declared/recommended.



**14. INTERESTED PERSON TRANSACTIONS (“IPTs”)**

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions of less than \$100,000)	
	3Q2015 \$'000	3Q2014 \$'000
<u>Keppel Corporation Limited and its subsidiaries or associates</u>		
- Manager's management fees	12,460	11,507
- Divestment fee	-	2,560
- Property management fees and reimbursable	1,332	1,604
- Leasing commissions	723	371
- Rental support	3,700	11,302
<u>RBC Investor Services Trust Singapore Limited</u>		
- Trustee's fees	307	277

No IPT mandate has been obtained by Keppel REIT for the financial period under review.

**Note:**

(1) *The aggregate value of interested person transactions refers to the total contract sum entered into during the financial period.*

**By Order of the Board**  
**Keppel REIT Management Limited**  
**(Company Registration Number: 200411357K)**  
**As Manager of Keppel REIT**

LAW ZHI-EN DANIEL / TAN WEIQIANG MARC  
 Joint Company Secretaries  
 19 October 2015

**CONFIRMATION BY THE BOARD**

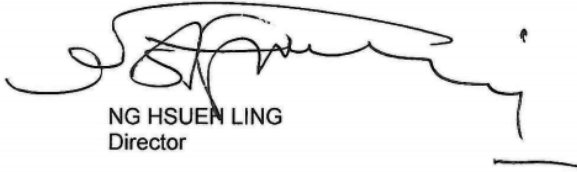
We, CHIN WEI-LI AUDREY MARIE and NG HSUEH LING, being two Directors of Keppel REIT Management Limited (the "Company"), as manager of Keppel REIT, do hereby confirm on behalf of the Directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the Third Quarter 2015 financial statements of Keppel REIT to be false or misleading in any material respect.

**On Behalf of the Board**



CHIN WEI-LI AUDREY MARIE  
Chairman

19 October 2015



NG HSUEH LING  
Director

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