Keppel REIT

Optimising to Deliver

Report to Unitholders 2018

Vision

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

Mission

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

Keppel Group's Operating Principles

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

Contents

Optimising to Deliver

We are optimising our portfolio of prime commercial assets through a proactive asset and capital management approach as well as a sound investment strategy. We will focus on executing and delivering on our initiatives to create value for all our stakeholders.

Key Figures for 2018

Distributable Income

$189.0m

Comparable to 2017 due mainly to one-off income received and capital gains distributed for 2018.

Distribution Per Unit (DPU)

5.56cts

Translated to a distribution yield of 4.9% based on the market closing price of $1.14 per Unit as at 31 December 2018.

Aggregate Leverage[1]

36.3%

An improvement from 38.7% a year ago due mainly to lower gross borrowings after repayment of loans with part of divestment proceeds.

All-In Interest Rate

2.81%

All-in interest rate of 2.81% per annum with interest coverage ratio of 3.9 times for 2018. 85% of total borrowings[2] were on fixed rates to mitigate impact of interest rate volatility.

Assets Under Management[1]

$8.1b

Decreased from $8.5 billion in 2017 due to the strategic divestment of a 20% non-controlling stake in Ocean Financial Centre.

Portfolio Committed Occupancy[1]

98.4%

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

Portfolio Weighted Average Lease Expiry (WALE)[1]

5.9 years

Maintained long WALE of approximately 5.9 years for the overall portfolio and approximately 8.2 years for the top 10 tenants.

Sustainability Benchmark

GRESB

Maintained Green Star Status in the internationally-recognised Global Real Estate Sustainability Benchmark (GRESB) 2018.

1 As at 31 December 2018.
2 Included Keppel REIT's proportionate share of external borrowings carried at One Raffles Quay Pte Ltd and Central Boulevard Development Pte. Ltd.

Corporate Profile and Strategic Direction

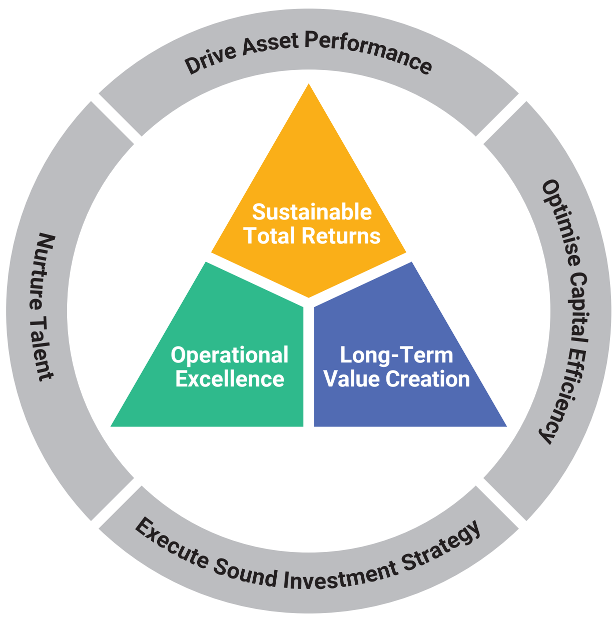
Keppel REIT was listed by way of an introduction on 28 April 2006. It is one of Asia's leading real estate investment trusts (REITs) with a young and large portfolio of premium Grade A commercial assets in Singapore and Australia's prime business and financial districts.

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

As at 31 December 2018, the REIT has assets under management of over $8 billion in Singapore, as well as in key Australian cities of Sydney, Melbourne, Brisbane and Perth.

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

Keppel REIT aims to be the leading commercial real estate investment trust with a sterling portfolio of assets pan-Asia.



Drive Asset Performance

- Tenant-centric asset management approach to provide quality office spaces that meet tenants' evolving business needs
- Drive asset performance, exercise prudent cost management and enhance efficiency with environmentally sustainable initiatives where feasible
- Execute proactive marketing and leasing strategies to attract and retain quality tenants across different business sectors

Optimise Capital Efficiency

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

Execute Sound Investment Strategy

- Seek strategic acquisitions that offer sustainable income and capital appreciation
- Structure investments to optimise tax efficiency and allow for repatriation of income from overseas assets
- Evaluate property performance and recycle capital, where appropriate, to optimise portfolio

Nurture Talent

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

Financial Highlights

Actuals
for the financial year ended 31 December

	2018 $'000	2017 $'000	Change %
Property income[1]	**165,858**	164,516	0.8
Net property income	**133,155**	131,200	1.5
Share of results of associates[2]	**73,720**	83,795	(12.0)
Share of results of joint ventures[3]	**30,170**	31,959	(5.6)
Distributable income	**189,045**	190,730	(0.9)

Balance Sheet
as at 31 December

	2018 $'000	2017 $'000	Change %
Total assets	**7,784,451**	7,604,288	2.4
Total liabilities	**2,448,855**	2,689,030	(8.9)
Unitholders' funds	**4,757,285**	4,763,424	(0.1)
Perpetual securities	**149,701**	149,701	–
Total borrowings (gross)[4]	**3,043,816**	3,374,565	(9.8)
Value of deposited properties	**8,380,056**	8,718,254	(3.9)
Market capitalisation[5]	**3,868,475**	4,247,125	(8.9)
Net asset value per Unit ($)	**1.40**	1.41	(0.7)
Adjusted net asset value per Unit ($) – excluding distributable income	**1.39**	1.40	(0.7)

Financial Ratios

	2018	2017	Change %
Distribution per Unit (DPU) (cents)	**5.56**[6]	5.70[7]	(2.5)
Distribution yield[5] (%)	**4.9**	4.5	8.9
Interest coverage ratio (times)	**3.9**	4.3	(9.3)
All-in interest rate per annum (%)	**2.81**	2.62	7.3
Aggregate leverage (%)	**36.3**	38.7	(6.2)

1 Property income comprised property income from Bugis Junction Towers, Ocean Financial Centre, 50% interest in 275 George Street, 50% interest in the 8 Exhibition Street office building and 100% interest in the three adjacent retail units.
2 Share of results of associates comprised Keppel REIT's one-third interests of the respective profit after tax of One Raffles Quay Pte Ltd (ORQPL), BFC Development Limited Liability Partnership and Central Boulevard Development Pte. Ltd. (CBDPL).
3 Share of results of joint ventures comprised Keppel REIT's 50% interests in the respective profit after tax of Mirvac 8 Chifley Trust and Mirvac (Old Treasury) Trust.
4 Included Keppel REIT's share of deferred payments in relation to the development of the Ocean Financial Centre carpark and retail podium, Marina Bay Financial Centre Towers 1 and 2, as well as Marina Bay Link Mall, and share of external borrowings carried at ORQPL and CBDPL.
5 Based on the market closing price of $1.14 per Unit as at 31 December 2018 for FY 2018 and $1.26 per Unit as at 31 December 2017 for FY 2017.
6 Total DPU for FY 2018 of 5.56 cents was based on 1.42 cents, 1.42 cents, 1.36 cents and 1.36 cents announced during the 1Q 2018, 2Q 2018, 3Q 2018 and 4Q 2018 results announcements respectively.
7 Total DPU for FY 2017 of 5.70 cents was based on 1.45 cents, 1.42 cents, 1.40 cents and 1.43 cents announced during the 1Q 2017, 2Q 2017, 3Q 2017 and 4Q 2017 results announcements respectively.

Quarterly Results

	Quarter 1		Quarter 2		Quarter 3		Quarter 4		Full Year
	$'000	%	$'000	%	$'000	%	$'000	%	$'000
Distributable income									
2018	**48,232**	**26**	**48,323**	**26**	**46,340**	**24**	**46,150**	**24**	**189,045**
2017	48,121	25	47,406	25	47,002	25	48,201	25	190,730
Property income									
2018	**39,734**	**24**	**51,654**	**31**	**36,655**	**22**	**37,815**	**23**	**165,858**
2017	39,856	24	39,846	24	40,445	25	44,369	27	164,516
Net property income									
2018	**31,220**	**23**	**43,206**	**33**	**28,204**	**21**	**30,525**	**23**	**133,155**
2017	31,394	24	31,892	24	31,672	24	36,242	28	131,200
Share of results of associates									
2018	**20,612**	**28**	**18,977**	**26**	**17,509**	**24**	**16,622**	**22**	**73,720**
2017	23,145	28	20,733	25	20,441	24	19,476	23	83,795
Share of results of joint ventures									
2018	**7,839**	**26**	**7,479**	**25**	**7,528**	**25**	**7,324**	**24**	**30,170**
2017	8,316	26	7,565	24	8,146	25	7,932	25	31,959

Chairman’s Statement

Key Developments in 2018

Divestment of a 20% interest in Ocean Financial Centre.

Aggregate leverage reduced to 36.3%. All-in interest rate of 2.81% per annum.

Initiation of Unit buy-back programme.

Extended portfolio’s WALE to 5.9 years. High committed occupancy of 98.4%.

Dear Unitholders,

In 2018, there was a sustained improvement in the Singapore office rental market on the back of a strong leasing momentum. The Manager intensified its efforts to opportunistically capture rental upside while seeking a balance between near term vacancy risks and leveraging rising rentals and limited new supply.

The Manager also undertook a strategic review of the entire portfolio to determine and seize opportunities for rejuvenation of Keppel REIT’s portfolio.

Portfolio Optimisation

In line with the Manager’s strategy and efforts to optimise Keppel REIT’s portfolio for long term value creation for Unitholders, and capitalising on the positive Singapore office market investment sentiment, the Manager made a partial divestment of a 20% minority interest in Ocean Financial Centre at an agreed property value of $537.3 million. This is 16.8% above Keppel REIT’s historical purchase price of $460.2 million[1], with an approximate $77.1 million[2] in capital gains which translates to a net asset level return of 8.3% per annum over the holding period.

This transaction reflects Ocean Financial Centre’s prime location and Grade A quality, as well as its capital appreciation value.

Keppel REIT retains a controlling majority interest and the Manager continues to be the asset manager for Ocean Financial Centre. The Manager views this transaction as a strategic partnership with Allianz Real Estate that would enable Keppel REIT to explore future collaboration while continuing to benefit from the strengthening Singapore office market, as the Manager seeks to rejuvenate the Keppel REIT portfolio.

With an improved balance sheet, the Manager has greater financial flexibility to implement various strategies, including opportunistic reinvestment into higher yielding assets that will add long term sustainable returns to the portfolio.

In 2017, as part of the Manager’s reinvestment strategy, Keppel REIT made a second investment in Melbourne with the acquisition of a 50% interest in a premium office tower to be built on a prime site at 311 Spencer Street. Completion of this development is now slated for 1H 2020, and with the commencement of the 30-year lease to the Victoria Police, Keppel REIT will receive a steady income stream with fixed annual rental escalation.

To enhance quality and remain competitive in the leasing environment, asset enhancement works were completed at 275 George Street, Brisbane, and similar initiatives will be undertaken at 8 Exhibition Street, Melbourne, in 2019.

Unit Buy-Back Programme

Keppel REIT was the first Singapore REIT to initiate a Unit buy-back programme in 2018 as part of its proactive capital management strategy.

Following the mandate obtained at the 2018 annual general meeting (AGM), the Manager purchased and cancelled approximately 28.3 million Units in 2018 and suspended the distribution reinvestment plan.

We intend to seek Unitholders’ approval at the coming AGM to continue with the Unit buy-back programme, subject to market conditions and taking into account restrictions under the Singapore Code on Take-overs and Mergers.

Delivering Stable Performance

Keppel REIT achieved a total distributable income of $189.0 million for 2018, comparable to 2017’s performance. Lower rental income support received in 2018 was partly mitigated by the one-off income received from pre-termination of some leases and a capital gains distribution of $3.0 million.

Distribution per Unit (DPU) was 5.56 cents for 2018, translating to a yield of 4.9% based on the Unit closing price of $1.14 as at 31 December 2018.

Capital Management

As at the end of 2018, aggregate leverage was lowered to 36.3%, following the repayment of $300 million of loans with part of the Ocean Financial Centre divestment proceeds. The all-in interest rate was 2.81% per annum and the interest coverage ratio was 3.9 times. The weighted average term to maturity was 2.8 years.

To mitigate exposure to interest rate volatility, 85% of Keppel REIT’s total borrowings are on fixed rates. For the Australian assets, in 2018, approximately 80% of the income received was hedged into Singapore dollars.

1 Based on 20% of the historical purchase price of $2,298.8 million for Keppel REIT’s 99.9% ownership in Ocean Financial Centre.
2 Computed based on the difference between the agreed property value and historical purchase price of Ocean Financial Centre.
3 For the Singapore office leases concluded in FY 2018 and based on a simple average calculation.
4 Based on simple average calculation of CBRE Pte. Ltd.’s quarterly rents for Grade A offices in Singapore CBD in 2018 (1Q 2018: $9.70 psf, 2Q 2018: $10.10 psf, 3Q 2018: $10.45 psf, 4Q 2018: $10.80 psf).

Penny Goh
Chairman

As part of the Manager’s capital management in relation to loans maturing in 2019, Keppel REIT has completed the refinancing of $64 million of loans and has received commitments from banks to refinance $160 million of loans taken at Keppel REIT level. For the remaining loans of $538 million (attributable to Keppel REIT at associate level) which are due in end 2019, proactive engagement with lenders are in progress to refinance such loans.

Operational Efficiency

The Manager continued to implement its proactive strategy to retain and attract quality tenants.

Approximately 2.9 million sf (attributable area of 1.2 million sf) of space was committed in 2018. About a third are new leases and lease expansions, and the remainder are renewals and rent reviews.

Leasing demand remains well diversified with new leasing commitment and expansion largely driven by the banking, financial services, energy and natural resources sectors and government agencies.

With the improving office rental market, average signing rent for the Singapore office leases was approximately $11.10 psf[3] for FY 2018, above the Grade A core CBD market average of $10.26 psf[4] for the same period. Portfolio committed occupancy was 98.4% as at end December 2018 and portfolio tenant retention rate was 83% for the year. The weighted average lease expiry for the portfolio and top 10 tenants at approximately 5.9 years and 8.2 years respectively, underpin Keppel REIT’s long-term stable recurring income.

The securing of a major move by a global financial institution to Tower 2 of Marina Bay Financial Centre is an endorsement of the quality of Keppel REIT’s portfolio and the Manager’s ability to customise leasing solutions to address business needs of tenants.

To capture changing trends in the way tenants and occupiers collaborate and work in this new technology driven economy, our diversified tenant portfolio also includes some co-working tenants and flex space service offices. The Manager will continue to monitor the evolving business environment to drive operational efficiency to maximise property income.

Commitment to Sustainability

We recognise the growing importance of adopting meaningful and effective environmental, social and governance (ESG) practices, to enhance the reputation, growth and sustainability of Keppel REIT’s business.

The Manager undertook a strategic review of the entire portfolio to determine and seize opportunities for rejuvenation of Keppel REIT’s portfolio.

Chairman's Statement

In 2018, the Manager intensified its efforts to opportunistically capture rental upside while seeking a balance between near term vacancy risks and leveraging rising rentals and limited new supply.

As part of the Board's strategic oversight, and having considered input from the management team and its engagement with key stakeholders, we have further reviewed and streamlined the material ESG issues and goals for a more targeted action and reporting approach. The Board will review and monitor these ESG issues periodically.

The incorporation of green features at Keppel REIT's buildings and implementation of energy-saving initiatives have reduced energy usage intensity by 5.8% year-on-year. Such efforts saw all our Singapore assets maintain the highest Platinum status under the Building and Construction Authority's Green Mark Scheme. In Australia, most of Keppel REIT's operating assets have also achieved the 5 Stars NABERS (National Australian Built Environment Rating System) Energy rating.

Keppel REIT also maintained its Green Star Status in the Global Real Estate Sustainability Benchmark 2018, which assesses sustainability performance of global property companies and real estate funds.

During the year, the Manager rallied tenants and staff through eco-activities to raise environmental awareness and encourage the adoption of sustainable best practices at the workplace and at home. In collaboration with the Singapore Green Building Council, the Manager organised events which saw close to 1,000 members of the public pledge their commitment to combat climate change. With PUB, Singapore's national water agency, the Manager organised educational roadshows on water-saving tips at Ocean Financial Centre and Bugis Junction Towers. Staff and tenants participated in a tree planting event during which over 300 saplings were planted, each sapling representing a pledge for eco action.

We also place importance on initiatives to create a positive impact on the community. Together with Keppel Capital, we encourage employee volunteerism. Management and staff took time to organise activities for our adopted beneficiaries, contributing over 1,200 hours to community outreach activities in 2018.

Looking Ahead

Recent economic data and projections by the IMF and OECD highlight significant risks of a global slowdown with potentially higher US interest rates, possible emerging market contagion linked to USD strengthening, lingering US-China trade tensions and the likelihood of a chaotic Brexit.

Capitalising on the positive Singapore office market investment sentiment, the Manager made a partial divestment of a 20% minority interest in Ocean Financial Centre.

Moving forward, the Manager will strive to position Keppel REIT to meet the challenges posed by global macro uncertainties. The Manager will remain focused on driving operational excellence through proactive asset and lease management. A prudent capital management strategy will be maintained to optimise Keppel REIT's performance in a rising interest rate environment.

Keppel REIT's portfolio with the largest exposure to Grade A Singapore premium office buildings with freehold or long tenure lease titles, is capable of delivering stable income distribution and long-term capital appreciation to Unitholders over different cycles of the property market.

The Manager will continue to pursue opportunities for portfolio rejuvenation to deliver long term value creation for Unitholders. Following the divestment of a 20% interest in Ocean Financial Centre, the Manager will look to continue its DPU-accretive Unit buy-back programme subject to market conditions, seek growth through prudent reinvestments and implement distribution of capital gains (adjusting for potential acquisitions and recycling of assets) to deliver stable and sustainable returns to Unitholders.

The office tower at 311 Spencer Street in Melbourne will contribute a steady income stream to Keppel REIT when its development is completed in 1H 2020.

Acknowledgements

On behalf of the Board and management, we would like to record our thanks to Mr Daniel Chan who retired as Director in May 2018, after having served six years on the Board. We express our appreciation for his dedication and contributions to Keppel REIT.

We congratulate Mr Tan Swee Yiow on his appointment as Chief Executive Officer (CEO) of Keppel Land. Swee Yiow will continue to serve on the Board, allowing Keppel REIT to tap on his wealth of experience in the real estate industry.

Taking over the helm at Keppel REIT Management is Mr Paul Tham, who was identified and groomed as part of Keppel REIT's succession planning. Paul has been involved in the management of all aspects of Keppel REIT's business since his appointment as Deputy CEO in early 2018. The Board looks forward to working with Paul and the management team to continue the development and execution of Keppel REIT's strategy for sustainability and growth.

In closing, we would very much like to thank our Unitholders, business partners and valued tenants for their support, and our management team and staff for their dedication and service.

We look forward to your continued support as we work on optimising Keppel REIT's portfolio of best-in-class properties to enhance sustainable long-term value to Unitholders.

Yours sincerely,

Penny Goh
Chairman
8 March 2019

Trust and Organisation Structure

UNITHOLDERS

Holding of Units

Distributions

RBC INVESTOR SERVICES TRUST SINGAPORE LIMITED *(THE TRUSTEE)*

Acting on Behalf of Unitholders

Trustee's Fees

Keppel REIT

Management Services

Management Fees

KEPPEL REIT MANAGEMENT LIMITED *(THE MANAGER)*

Ownership of Assets

Income Contribution

PROPERTY MANAGERS

Property Management Services

Property Management Fees

PROPERTIES

Property Management Services

Property Management Fees

PROPERTY MANAGERS

Property Managers	Singapore	Australia	Property Managers
Keppel REIT Property Management Pte Ltd (for Ocean Financial Centre and Bugis Junction Towers)	**Ocean Financial Centre** *79.9% interest*[1]	**8 Chifley Square, Sydney** *50% interest*	Mirvac Real Estate Pty Limited (for 8 Chifley Square and David Malcolm Justice Centre)
	Bugis Junction Towers *100% interest*	**David Malcolm Justice Centre, Perth** *50% interest*	
Raffles Quay Asset Management Pte Ltd (for Marina Bay Financial Centre and One Raffles Quay)	**Marina Bay Financial Centre** *33.3% interest*[2]	**8 Exhibition Street, Melbourne** *50% interest*[3]	GPT Property Management Pty Limited (for 8 Exhibition Street)
	One Raffles Quay *33.3% interest*	**275 George Street, Brisbane** *50% interest*	Charter Hall Real Estate Management Services Pty Limited (for 275 George Street)
		311 Spencer Street, Melbourne *(Under development)* *50% interest*	

Board of Directors

- **Nominating and Remuneration Committee**
- **Audit and Risk Committee**
  - **Risk and Compliance**
- **Chief Executive Officer**
  - **Finance**
  - **Asset Management**
  - **Investment**
  - **Investor Relations**

[1] Keppel REIT divested a 20% non-controlling stake in Ocean Financial Centre on 11 December 2018.
[2] Marina Bay Financial Centre comprises Towers 1, 2 and 3, as well as the subterranean mall, Marina Bay Link Mall.
[3] Keppel REIT owns 50% interest in the 8 Exhibition Street office building and 100% interest in the three adjacent retail units.

Board of Directors

Penny Goh, age 66
Chairman and Independent Director

N

Date of first appointment as a director:
5 October 2016

Length of service as a director (as at 31 December 2018):
2 years 3 months

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

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

Present Directorships (as at 1 January 2019):
Listed companies
Mapletree Logistics Trust Management Ltd (the manager of Mapletree Logistics Trust)

Other principal directorships
Nil

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

Past Directorships held over the preceding 5 years (from 1 January 2014 to 31 December 2018):
Nil

Others:
Nil

Lee Chiang Huat, age 69
Independent Director

A

Date of first appointment as a director:
9 April 2012

Length of service as a director (as at 31 December 2018):
6 years 9 months

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

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

Present Directorships (as at 1 January 2019):
Listed companies
Keppel DC REIT Management Pte. Ltd. (the manager of Keppel DC REIT)

Other principal directorships
Jurong Port Pte Ltd

Major Appointments (other than directorships):
Nil

Past Directorships held over the preceding 5 years (from 1 January 2014 to 31 December 2018):
Channoil Asia Pte Ltd; Icurrencies Pte Ltd

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

Lor Bak Liang, age 61
Independent Director

A N

Date of first appointment as a director:
9 April 2012

Length of service as a director (as at 31 December 2018):
6 years 9 months

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

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

Present Directorships (as at 1 January 2019):
Listed companies
Nil

Other principal directorships
Werone Connect Pte Ltd

Major Appointments (other than directorships):
Nil

Past Directorships held over the preceding 5 years (from 1 January 2014 to 31 December 2018):
Nil

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

Board Committees

A Audit and Risk Committee

N Nominating and Remuneration Committee

Christina Tan, age 53
Non-Executive Director

N

Date of first appointment as a director:
15 September 2016

Length of service as a director (as at 31 December 2018):
2 years 4 months

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

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

Present Directorships (as at 1 January 2019):
Listed companies
Keppel DC REIT Management Pte. Ltd. (the manager of Keppel DC REIT);
Keppel Infrastructure Fund Management Pte. Ltd. (the trustee-manager of Keppel Infrastructure Trust)

Other principal directorships
Keppel Capital Holdings Pte. Ltd.,
Alpha Investment Partners Limited

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

Past Directorships held over the preceding 5 years (from 1 January 2014 to 31 December 2018):
Various subsidiaries and associated companies of Alpha Investment Partners Limited and funds managed by Alpha Investment Partners Limited

Others:
Nil

Tan Swee Yiow, age 58
Non-Executive Director

Date of first appointment as a director:
20 March 2017

Length of service as a director (as at 31 December 2018):
1 year 9 months

Board Committee(s) served on:
Nil

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

Present Directorships (as at 1 January 2019):
Listed companies
Nil

Other principal directorships
Keppel Land Limited

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

Past Directorships held over the preceding 5 years (from 1 January 2014 to 31 December 2018):
Various subsidiaries and associated companies of Keppel Land Limited and Keppel REIT

Others:
Nil

Alan Rupert Nisbet, age 68
Independent Director

A

Date of first appointment as a director:
1 October 2017

Length of service as a director (as at 31 December 2018):
1 year 3 months

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

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

Present Directorships (as at 1 January 2019):
Listed companies
Halcyon Agri Corporation Limited;
Ascendas Property Fund Trustee Pte Ltd (the trustee-manager of Ascendas India Trust);
KrisEnergy Limited

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

Major Appointments (other than directorships):
Nil

Past Directorships held over the preceding 5 years (from 1 January 2014 to 31 December 2018):
Ascendas Pte. Ltd.; Accounting and Corporate Regulatory Authority

Others:
Nil

Senior Management

Paul Tham, age 37
Chief Executive Officer

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

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

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

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

Present Directorships (as at 1 January 2019):
Various subsidiaries and associated companies of Keppel REIT;
Keppel-KBS US REIT Management Pte. Ltd. (the manager of Keppel-KBS US REIT)

Past Directorships held over the preceding 5 years (from 1 January 2014 to 31 December 2018):
Ocean Mineral Singapore Pte Ltd;
Ocean Mineral Singapore Holding Pte Ltd;
Various subsidiaries of Keppel Capital Holdings Pte. Ltd.

Kang Leng Hui, age 41
Chief Financial Officer

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

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

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

Present Directorships (as at 1 January 2019):
Various subsidiaries of Keppel REIT

Past Directorships held over the preceding 5 years (from 1 January 2014 to 31 December 2018):
Various subsidiaries of Keppel Capital Holdings Pte. Ltd.

Toh Wah San, age 60
Head, Asset Management

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

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

Present Directorships (as at 1 January 2019):
Various subsidiaries and associated companies of Keppel REIT

Past Directorships held over the preceding 5 years (from 1 January 2014 to 31 December 2018):
Nil

Shirley Ng, age 38
Head, Investment

Ms Ng has over 10 years of experience in real estate fund management. Prior to joining the Manager, she was a Senior Vice President at Alpha Investment Partners Limited. She joined Alpha Investment Partners Limited in June 2008 and was involved in various areas including portfolio management, asset management, as well as investment acquisitions in various markets such as China and the United States. She worked closely with institutional investors and managed funds with gross asset value of more than USD4 billion, comprising assets in different sectors including offices, retail malls, hotels, serviced apartments and residential apartments.

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

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

Present Directorships (as at 1 January 2019):
Shanghai Baccarat Property Management Limited (in liquidation)

Past Directorships held over the preceding 5 years (from 1 January 2014 to 31 December 2018):
Various subsidiaries and associated companies of funds managed by Alpha Investment Partners Limited; Maplebear Early Achievers Pte. Ltd.

Milestones

As part of portfolio optimisation efforts, Keppel REIT divested a 20% non-controlling stake in Ocean Financial Centre in December 2018.

Q1

Achieved distributable income of $48.2 million and DPU of 1.42 cents for 1Q 2018

Q2

Achieved distributable income of $48.3 million and DPU of 1.42 cents for 2Q 2018, bringing distributable income and DPU for 1H 2018 to $96.6 million and 2.84 cents respectively

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

David Malcolm Justice Centre became the first building in Perth to attain the 6 Star Green Star – Performance v1.2 rating from the Green Building Council of Australia

Q3

Achieved distributable income of $46.3 million and DPU of 1.36 cents for 3Q 2018, bringing distributable income and DPU for 9M 2018 to $142.9 million and 4.20 cents respectively

Announced intention to buy back up to approximately 1.5% of issued Units over six months, subject to market conditions and taking into account the restrictions under the Singapore Code on Take-overs and Mergers

Initiated Unit buy-back programme as part of proactive capital management

Ranked fourth in the REITs and Business Trusts category of the Singapore Governance and Transparency Index 2018

Maintained Green Star Status in the internationally-recognised Global Real Estate Sustainability Benchmark 2018

Q4

Achieved distributable income of $46.2 million and DPU of 1.36 cents for 4Q 2018, bringing distributable income and DPU for FY 2018 to $189.0 million and 5.56 cents respectively

Divested a 20% non-controlling stake in Ocean Financial Centre to Allianz Real Estate as part of portfolio optimisation efforts

Lowered aggregate leverage to 36.3% after loan repayment with part of divestment proceeds

Purchased and cancelled approximately 28.3 million issued Units in FY 2018

Investor Relations

Regular engagement and open channels of communication keep the investment community abreast of Keppel REIT's business developments and strategies.

The Manager believes in maintaining open channels of communication with its investors to share views and address any queries on the REIT's operating performance and business strategies.

The Investor Relations (IR) team works closely with the finance, asset management and investment teams to communicate the REIT's business strategy and developments to existing and prospective investors, research analysts and other stakeholders.

Guided by a clearly defined set of principles and practices set out in its IR policy, the Manager adopts various communication channels in its outreach to the investment community. The IR policy, which is available on the REIT's corporate website, is reviewed regularly to ensure relevance and effectiveness.

Proactive and Regular Engagement
During the year, the Manager continued to maintain regular and two-way communication with its investors to discuss business developments, including quarterly results announcements and key corporate developments such as the initiation of the Unit buy-back programme and the divestment of a non-controlling stake in Ocean Financial Centre.

In 2018, the Manager engaged with a total of 273 analysts and institutional investors through meetings, conference calls, site visits, conferences and roadshows. Apart from local roadshows and conferences, the Manager also participated in meetings in Bangkok, Florida, Hong Kong, London, Melbourne, Seoul, Sydney and Tokyo to engage with global investors.

Results briefings for media and analysts are organised for Keppel REIT's half- and full-year results announcements. Additionally, as part of its efforts to improve outreach to the investment community, the Manager will adopt the teleconference platform for first- and third-quarter results announcements.

On 20 April 2018, Keppel REIT convened its Annual General Meeting (AGM) which was attended by over 270 Unitholders. Keppel REIT also participated in the annual REITs Symposium jointly organised by ShareInvestor and the REIT Association of Singapore (REITAS), and supported by The Business Times, to educate and deepen

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

Investor Relations

industry knowledge among retail investors. The 2018 event was well-attended by about 1,200 retail investors.

The Manager is a member of the Investor Relations Professionals Association (Singapore), which promotes knowledge sharing and continuous improvement of competencies among IR professionals. The Keppel Group also supports the Securities Investors Association (Singapore) in its initiatives to empower the investment community through investor education.

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

Market-sensitive news and corporate actions are filed with the Singapore Exchange and are also posted on Keppel REIT's corporate website to provide stakeholders with timely and equal access to this information.

Subscription to email alerts is also available on the REIT's corporate website for investors who wish to receive prompt notifications of corporate announcements.

In 2018, Keppel REIT launched its refreshed corporate website which is mobile-optimised for easier navigation. Materials, including factsheets, investor presentations, annual reports, distribution history, property portfolio information, as well as relevant information pertaining to the Board and management, are easily accessible on the website.

Information on the tax refund process for Keppel REIT's eligible Unitholders, including details on their eligibility for tax refunds, as well as relevant procedures and channels for claiming of such refunds, is also published on the website.

In recognition of the Manager's efforts towards transparent disclosures and best practices in corporate governance, Keppel REIT emerged fourth in the REITs and Business Trusts category of the Singapore Governance and Transparency Index 2018.

Research Coverage
Keppel REIT is covered by 19 equity research houses:

- Bank of America Merrill Lynch
- BNP Paribas
- CGS-CIMB
- Citi
- CLSA
- Credit Suisse
- Daiwa
- DBS
- Deutsche Bank
- Goldman Sachs
- HSBC
- Jefferies
- JP Morgan
- Macquarie
- Morgan Stanley
- Nomura
- RHB
- UBS
- UOB Kay Hian

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

Telephone:
+65 6803 1649

Email:
investor.relations@keppelreit.com

Website:
www.keppelreit.com

The Manager maintains proactive two-way communication with the investment community to share views and address queries.

Investor Relations Calendar
Financial Year Ended 31 December 2018

Q1

Announced FY 2017 results at a briefing for media and analysts

Engaged investors at the FY 2017 post-results luncheon organised by Bank of America Merrill Lynch

Paid out 4Q 2017 distribution to Unitholders

Participated in the SGX-DBS-REITAS Singapore REITs Corporate Access Days held in Seoul and Tokyo

Participated in the Citi Global Property CEO Conference in Florida

Q2

Announced 1Q 2018 results and engaged investors at a post-results luncheon organised by JP Morgan

Paid out 1Q 2018 distribution to Unitholders

Convened AGM on 20 April 2018

Participated in the dbAccess Asia Conference in Singapore organised by Deutsche Bank

Participated in the REITs Symposium jointly organised by ShareInvestor and REITAS, and supported by The Business Times

Participated in the Citi Asia Pacific Property Conference in Hong Kong

Q3

Announced 2Q 2018 results at a briefing for media and analysts

Engaged investors at a post-results luncheon organised by HSBC

Paid out 2Q 2018 distribution to Unitholders

Participated in the SGX-DBS-REITAS Singapore Corporate Day in Bangkok

Q4

Announced 3Q 2018 results at a post-results analysts' teleconference

Engaged investors at a post-results luncheon organised by Morgan Stanley

Paid out 3Q 2018 distribution to Unitholders

Participated in the SGX-UBS Singapore Real Estate Days in Melbourne and Sydney

Participated in the UBS Global Real Estate Conference in London

Market Review

The Singapore office market in 2019 is expected to be largely positive, amidst steady leasing demand and a contraction in new office supply.

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Singapore Market Review
According to the Ministry of Trade and Industry (MTI), the Singapore economy grew by 3.2% in 2018, moderating from the preceding year. Growth in 2018 was supported by the manufacturing sector, on the back of expansions in the transport engineering, electronics and biomedical manufacturing clusters. The services-producing industries also grew and were supported by the business services, finance and insurance, as well as wholesale and retail trade sectors. Conversely, the construction sector continued to decline, albeit at a more gradual pace amidst weakening public sector construction activities.

Growth is expected to moderate in 2019, coming in slightly below the mid-point of the forecast range of between 1.5% and 3.5%.

Singapore Office Market Overview
Existing Supply
In 2018, the total islandwide office stock rose 2.5% year-on-year (y-o-y) to 61.0 million sf as at 4Q 2018.

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

The Marina Bay, Raffles Place, Shenton Way and Marina Centre submarkets form the CBD Core. The CBD Core accounts for approximately half of the islandwide office stock, yielding 30.4 million sf of space as at end 2018, representing a 2.2% y-o-y increase. 14.4 million sf of total islandwide stock is classified as Grade A office space.

Future Supply
From 2019 to 2021, the total islandwide future supply is estimated to amount to

Breakdown of Singapore CBD Core Office Supply (2019-2021)

Year	Proposed Project	Developer	Location	Estimated NLA (sf)
2019	18 Robinson	Tuan Sing Holdings Limited	Robinson Road	145,000
2019	HD 139	Ececil Pte. Ltd.	Cecil Street	71,548
2020	Chevron House Additions and Alterations	Oxley Holdings Limited	Raffles Place	312,853
2020	Afro-Asia I-Mark	Afro-Asia Shipping Co (Pte.) Ltd.	Robinson Road	153,526
2020	ASB Tower	Ascendas-Singbridge	Robinson Road	500,000
2021	CapitaSpring	CapitaLand Commercial Trust	Market Street	635,000

Source: CBRE

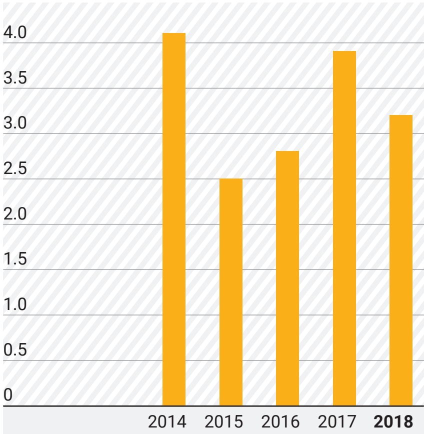
3.5 million sf. Of this, the CBD Core market will account for the bulk of pipeline supply (51.5%), while the Decentralised[1] and CBD Fringe[2] markets will account for 29.1% and 19.4% of pipeline supply respectively.

The total new office supply scheduled for completion in 2019 is expected to decrease y-o-y to approximately 1.3 million sf, of which 0.2 million sf is in the CBD Core, primarily attributable to 18 Robinson (145,000 sf) and HD 139 (71,548 sf). The redevelopment of Funan DigitaLife Mall, located in the CBD Fringe market, is expected to add 204,000 sf of office space. The completion of Woods Square will see an addition of approximately 534,400 sf of office supply to the Decentralised market.

Supply is expected to remain stable in 2020, with the known projected supply at approximately 1.3 million sf. Developments such as ASB Tower (500,000 sf) in the CBD Core, the redevelopment of Hub Synergy Point (128,456 sf) in the CBD Fringe and Centrium Square (107,041 sf) in the Decentralised market, form part of the pipeline supply in 2020.

New office supply in 2021 is estimated to be 0.9 million sf. The addition to office stock will primarily be from the CBD Core with the completion of CapitaSpring (635,000 sf). A mixed-use executive centre in one-north, to be developed by the Ascendas-Singbridge Group, is expected to yield 0.3 million sf of space in the Decentralised market.

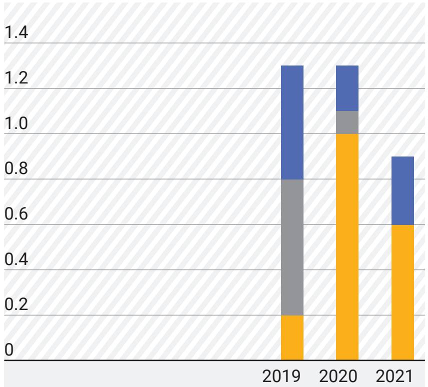
Singapore GDP Growth Rate at 2010 Prices



	2014	2015	2016	2017	**2018**
GDP Growth (%)	4.1	2.5	2.8	3.9	**3.2**

Sources: MTI, CBRE

Singapore Islandwide Future Office Supply (2019-2021)



	2019	2020	2021
CBD Core	0.2	1.0	0.6
CBD Fringe	0.6	0.1	–
Decentralised	0.5	0.2	0.3
Total	**1.3**	**1.3**	**0.9**

Source: CBRE

In the long term, known new supply beyond 2021 includes the Central Boulevard and Beach Road (Guoco Midtown) Government Land Sales sites.

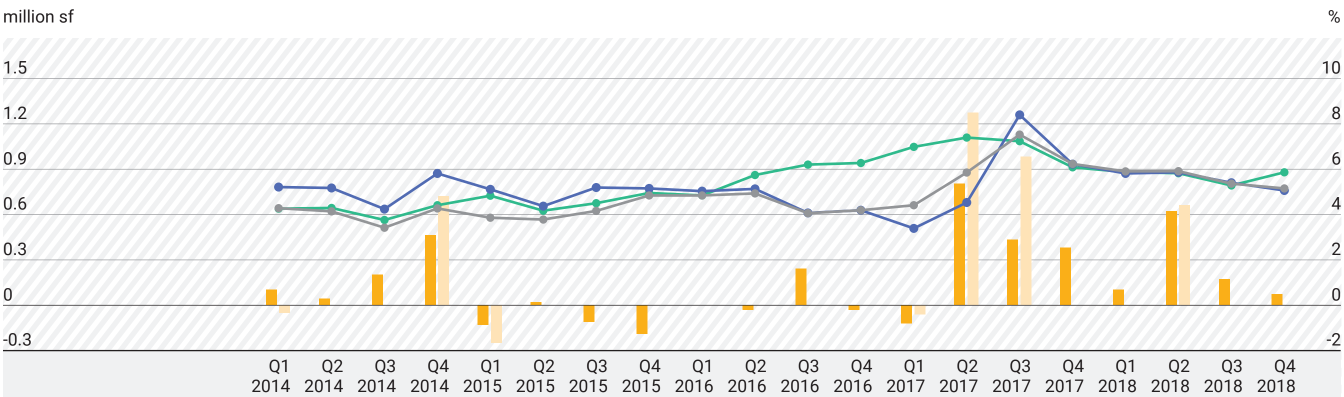
Demand and Vacancy

Total net absorption in the CBD Core office market for 2018 was steady at 1.0 million sf, due to healthy demand and positive market sentiments.

[1] The Decentralised market is anchored mainly by clusters of offices in Alexandra/HarbourFront, as well as the western and eastern suburban areas.

[2] The CBD Fringe market refers to the Tanjong Pagar, Beach Road/City Hall and Orchard Road districts.

Singapore CBD Core Demand and Vacancy



	Q4 2014	Q4 2015	Q4 2016	Q4 2017	Q4 2018
Net Absorption CBD Core (million sf)	0.46	(0.19)	(0.03)	0.38	0.07
Net New Supply CBD Core (million sf)	0.72	–	–	–	–
Vacancy Rate CBD Core (%)	4.28	4.85	4.20	6.24	5.16
Vacancy Rate Grade A (%)	5.82	5.16	4.20	6.23	5.07
Vacancy Rate Grade B (%)	4.42	4.96	6.28	6.09	5.87

Source: CBRE

Market Review

In addition, net absorption was further supported by pre-commitments[1] in several upcoming projects, including CapitaSpring and Funan DigitaLife Mall.

In 4Q 2018, the vacancy rate in the CBD Core market stood at 5.2% (-17.3% y-o-y), with Grade A office buildings registering a vacancy rate of 5.1% (-18.6% y-o-y). Vacancy levels are expected to decrease in 2019 amidst steady leasing demand and a contraction in new office supply.

Rental Values

Monthly rental values for both Grade A and Grade B CBD Core office space continued to improve during the year, reaching $10.80 psf and $8.30 psf respectively in 4Q 2018.

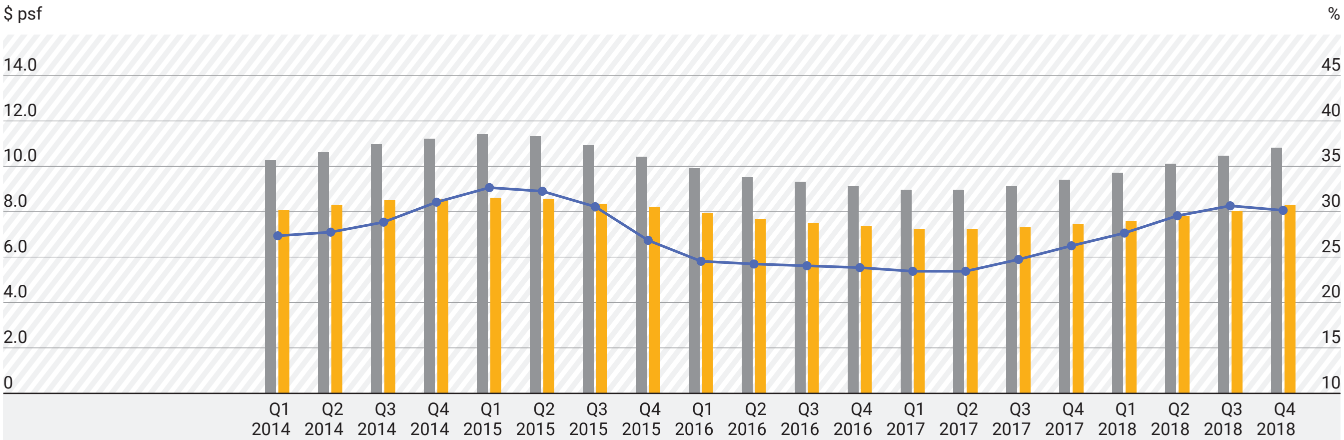
Overall, the local office market looks largely positive, despite the presence of economic risks brought about by external trade disputes and currency volatility in the region. CBRE expects that the resilient and diverse occupier demand, coupled with a tightening future office supply, will support rental growth in the medium term.

Office Investment Market and Capital Values

2018 saw several major investment deals in the office market with steady investor interests brought about by strong rental growth in the occupier market. Notable transactions include the sale of the office component of OUE Downtown 1 and 2 by OUE to OUE Commercial REIT for $908 million ($1,713 psf), Twenty Anson by CapitaLand Commercial Trust to AEW Asia for $516 million ($2,503 psf) and 55 Market Street by Frasers Commercial Trust to AEW Asia for $216 million ($3,020 psf).

[1] CBRE considers the space absorbed when a unit or building is contractually committed to an occupier.

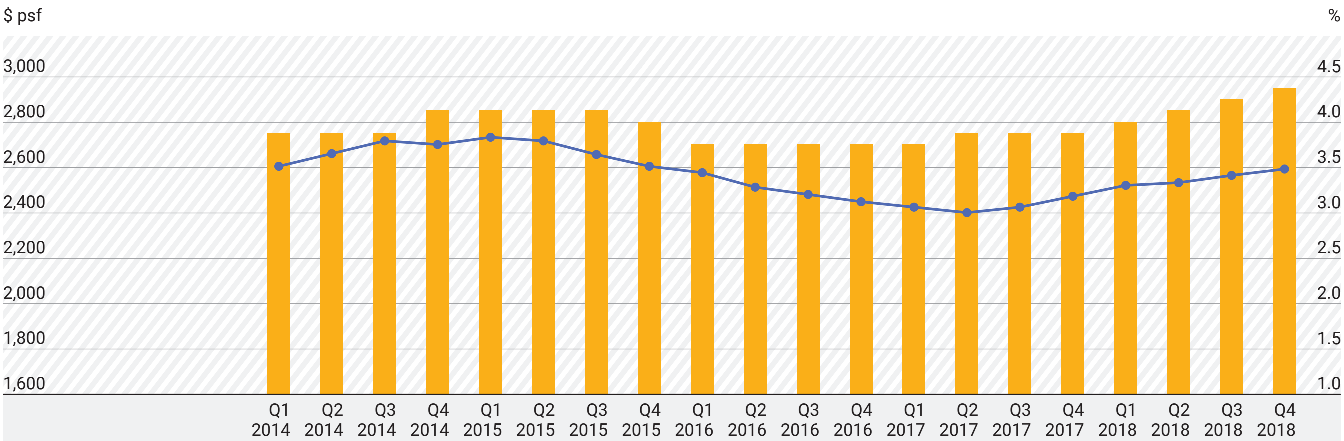
Singapore Monthly Rental Values



Grade A CBD Core ($ psf)	11.20	10.40	9.10	9.40	10.80
Grade B CBD Core ($ psf)	8.55	8.20	7.35	7.45	8.30
Premium (%)	31.0	26.8	23.8	26.2	30.1

Source: CBRE

Singapore Grade A Office Capital Values and Net Yield



Grade A CBD Core Capital Value ($ psf)	2,850	2,800	2,700	2,750	2,950
Grade A CBD Core Net Yield (%)	3.75	3.51	3.12	3.18	3.48

Source: CBRE

In 4Q 2018, Grade A capital values increased by 1.7% quarter-on-quarter to reach $2,950 psf. Similarly, yields improved from the previous quarter to 3.48% on the back of stronger rental recovery. Sentiments in the office sector continued to remain robust as investors continued to pursue quality assets to ride the office upcycle.

Office Market Outlook

The Singapore economy is expected to expand at a slower pace in 2019. The manufacturing, wholesale trade, transportation and storage, as well as finance and insurance sectors are likely to witness a more modest pace of growth amidst external headwinds. Other services sectors such as the health and social services, information and communications and education sectors are expected to remain resilient. Overall, MTI expects growth to moderate, coming in slightly below the mid-point of the forecast range of between 1.5% and 3.5% in 2019.

The services sector that generally occupies office space saw higher employment growth statistics and healthier operating receipts in 2018. Moreover, operators of co-working spaces are expanding to enlarge their market shares and are actively acquiring and growing their commercial real estate presence. Technology industries, likewise, are expected to perform positively amidst domestic digitisation efforts as Singapore continues to be an attractive gateway to Southeast Asia for technology firms.

Office rents are projected to continue recovering, supported by steady leasing demand with a relatively lower new pipeline supply. CBRE forecasts Grade A CBD Core rents to rise to $11.80 psf in 2019 and $12.30 psf in 2020. Grade B CBD Core rents are projected to increase to $8.90 psf and $9.20 psf in 2019 and 2020 respectively.

Vacancy levels are expected to tighten as negotiating power continues to shift towards the landlords. Overall, CBRE expects that the office market will continue with its recovery, barring unforeseen circumstances.

Singapore REITs and Business Trusts Market Overview

The Singapore real estate investment trusts (S-REITs) market has grown steadily over the years, suggesting the attractiveness of the investment product due to its high yielding nature and recurring passive income. Major activities in 2018 include the listing of Sasseur REIT as well as the merger of ESR-REIT and Viva Industrial Trust. In recent times, more S-REITs have expanded their asset acquisition strategy beyond Singapore's shores for income and geographical diversification, with consideration of local taxation regime, legislation and foreign currency exchange rates.

The US Federal Reserve is expected to continue hiking interest rates in 2019, albeit at a more measured pace with the case for raising rates weakening in recent times. Notwithstanding increased borrowing and financing costs, there are several underlying indications of rate hikes which are generally associated with healthy economic growth and inflation that bode well for real estate investments.

Looking ahead, S-REITs are projected to perform favourably and weather the gradual interest rate rise. The characteristics of REITs offering stable long-term returns will continue their appeal as an attractive financial product.

Australia Market Review

The Australian economy expanded by 2.8% in FY 2018 (June year-end), improving from the 2.3% gain in FY 2017. Data from the Australian Bureau of Statistics showed that growth was driven by firmer household consumption and private business investments. Government spending remained resilient, driven by continued spending on healthcare, aged care and disability services.

In its February 2019 Statement on Monetary Policy, the Reserve Bank of Australia (RBA) projected that the Australian economy will expand at 2.50% in FY 2019 and 2.75% in FY 2020. This will be supported by sustained growth in both household and government consumption, coupled with a pick-up in mining investments. Non-mining business investments could, however, post more measured growth.

Australia's labour market strengthened in FY 2018 with steady employment growth recorded in the manufacturing, construction, professional, scientific and technical industries. The overall unemployment rate fell to 5.3% in June 2018, the lowest level in nearly six years. Looking ahead, the RBA anticipates that employment growth will continue to outpace that of the working-age population. In line with the stable economic outlook, the unemployment rate is expected to fall further to 5.0% in FY 2019 and FY 2020.

Notwithstanding the stable economic outlook, market consensus expects the RBA to maintain its cash rate at the current level of 1.5% for the whole of 2019 as wage and inflationary pressures remain relatively low in the near term. Housing market weakness and ongoing global trade tensions are also concerns which could see the RBA stand firm on its monetary policy.

Australia Office Market Overview

According to the Property Council of Australia, the national office vacancy rate declined from 9.6% in January 2018 to 8.5% in January 2019. The CBD office vacancy rate decreased from 9.8% to 8.3% over the same period.

Among the major cities in Australia, Melbourne's CBD recorded the lowest vacancy rate of 3.2% in January 2019, down from 4.5% in January 2018. This was attributed to a strong increase in tenant demand, mainly in the Grade A segment, underpinned by a flight-to-quality trend. Vacancy rate in Sydney's CBD also tightened from 4.8% in January 2018 to 4.1% in January 2019.

Brisbane CBD's vacancy rate fell from 16.2% in January 2018 to 13.0% in January 2019, due to an uptick in leasing activities and a withdrawal of existing supply. Vacancy rate in Perth's CBD has fallen steadily from 19.8% in January 2018 to 18.5% in January 2019.

Looking ahead, recent business surveys show that business conditions and confidence remain generally positive across Australia, although end 2018 data were below the long-run average level and suggested possible easing of growth momentum.

Office rental growth is expected to continue in Sydney and Melbourne in 2019 amidst stable demand though the pace of growth could moderate in 2020 as new supply enters the market and pushes up the vacancy rate. Limited confirmed supply will support rental growth in Brisbane while an upcycle in mining investments should support the recovery of Perth's office market.

Property Portfolio

Assets Under Management

$8.1b

The partial divestment of Ocean Financial Centre lowered Keppel REIT's assets under management (AUM) to $8.1 billion as at end 2018.

Committed Leases

2,853,100 sf

Total leases signed in 2018 amounted to approximately 2,853,100 sf of space, equivalent to 1,227,100 sf by attributable net lettable area.

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

	As at 31 December 2018	As at 31 December 2017
Net lettable area (NLA)[1]	**3,160,160 sf**	3,336,589 sf
	293,586 sm	309,978 sm
Valuation[2]	**$8.1 billion**	$8.5 billion
Number of tenants[1,3]	**336**	326
Committed occupancy[1]	**98.4%**	99.7%
Weighted Average Lease Expiry (WALE)[1]	**5.9 years**	5.5 years

1 Excludes the office tower under development at 311 Spencer Street.
2 Includes the office tower under development at 311 Spencer Street.
3 Tenants located in more than one building are accounted for as one tenant when computing the total number of tenants.

Strong Leasing Momentum
The Manager remains focused on its proactive leasing strategy to generate sustainable returns from Keppel REIT's young and well-located portfolio of Grade A office buildings in Singapore and Australia.

Total leases signed in 2018 amounted to approximately 2,853,100 sf of prime commercial space (1,227,100 sf in attributable space). This includes the 10-year lease signed with HSBC in September 2018 to house its new headquarters at Marina Bay Financial Centre Tower 2. The addition of an established tenant on a long tenure is testament to the asset's quality and strategic location in Singapore's key financial hub.

Average signing rent for the Singapore office leases was approximately $11.10 psf[1] for 2018. This was above the average Grade A rent of $10.26 psf[2] for properties in Singapore's core central business district (CBD) for the same period.

Of the total attributable NLA signed in 2018, about a third were new leases and expansions, while the remainder were renewals and rent reviews. New leases and expansions committed during the year were signed with tenants from diverse

1 For the Singapore office leases concluded in 2018 and based on a simple average calculation.
2 Based on the simple average calculation of CBRE Pte. Ltd.'s quarterly rents for Grade A offices in Singapore's CBD in 2018 (1Q 2018: $9.70 psf, 2Q 2018: $10.10 psf, 3Q 2018: $10.45 psf, 4Q 2018: $10.80 psf).

Operational Excellence in Asset Management

The Manager adopts a tenant-centric asset management approach to drive portfolio performance and deliver value to its stakeholders:

1. Maximising Performance

Proactive leasing efforts saw a total of 130 leases (approximately 2,853,100 sf by total NLA) concluded in 2018.

Achieved high portfolio committed occupancy of 98.4% as at end 2018.

Maintained long WALE of approximately 5.9 years for the portfolio and approximately 8.2 years for top 10 tenants as at end 2018.

2. Enhancing Assets

Upheld high standards in environmental sustainability and safety. All Singapore assets are certified Green Mark Platinum by the Building and Construction Authority of Singapore (BCA), while most of the buildings in Australia have achieved 5 Stars National Australian Built Environment Rating System (NABERS) Energy rating.

Maintained Green Star Status in the Global Real Estate Sustainability Benchmark 2018.

3. Capturing Value

Strategic divestment of a 20% non-controlling stake in Ocean Financial Centre unlocked approximately $77.1 million[1] of capital gains at an attractive net asset level return of 8.3% p.a. over the holding period.

Development of the office tower at 311 Spencer Street in Melbourne is in progress and will contribute a steady income stream upon commencement of the 30-year lease to the Victoria Police.

Enhancement initiatives at 275 George Street in Brisbane and 8 Exhibition Street in Melbourne to rejuvenate the assets and meet tenants' evolving business needs.

business sectors, with majority from the government agencies, as well as the banking, financial services, energy and natural resources sectors.

Portfolio committed occupancy was 98.4% as at end 2018 and portfolio tenant retention rate was 83% for the year. The Manager will continue to strive for an optimal balance between achieving high occupancy levels and maximising returns from the assets.

Portfolio Optimisation

As part of active portfolio optimisation efforts and in line with its commitment to focus on delivering sustainable total returns to Unitholders, Keppel REIT divested a 20% non-controlling stake in Ocean Financial Centre to Allianz Real Estate for $537.3 million in December 2018.

The agreed property value for the 20% interest in Ocean Financial Centre was arrived at on a willing-buyer and willing-seller basis, after taking into account the independent valuation by Cushman & Wakefield (as at 15 November 2018) of $525.3 million. The valuation was derived using the sales comparison, direct capitalisation and discounted cash flow analysis methods.

Approximately $77.1 million[1] of capital gains were realised, which translated to an attractive net asset level return of 8.3% per annum over the holding period. The partial divestment allowed Keppel REIT to unlock part of the capital gains and enhance its financial flexibility, while maintaining continued exposure to the strengthening Singapore office market through its remaining controlling stake of 79.9%.

1 Computed based on the difference between the agreed property value and historical purchase price of Ocean Financial Centre.

The Manager adopts a tenant-centric management approach in providing quality office spaces that meet tenants' evolving business needs, including at One Raffles Quay.

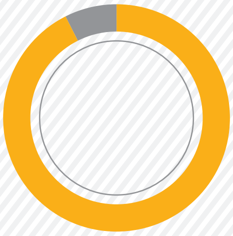
Property Portfolio

Portfolio Asset Distribution by Value[1] (%)
as at 31 December 2018

Singapore	85.1
Australia[2]	14.9
Total	**100.0**

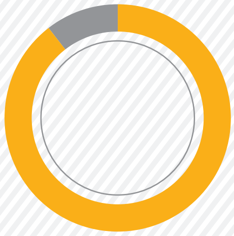
Portfolio Asset Distribution by NLA[1] (%)
as at 31 December 2018

Singapore	76.5
Australia[3]	23.5
Total	**100.0**



Singapore Asset Distribution by Value[1] (%)
as at 31 December 2018

Raffles Place and Marina Bay	92.5
Bugis	7.5
Total	**100.0**



Singapore Asset Distribution by NLA[1] (%)
as at 31 December 2018

Raffles Place and Marina Bay	89.7
Bugis	10.3
Total	**100.0**

Portfolio Lease Expiry Profile by Committed NLA[1] (%)
as at 31 December 2018

2019	4.2
2020	8.2
2021	16.7
2022	18.5
2023	6.5
2024 & beyond	44.3

Portfolio Lease Expiry Profile by Committed Monthly Gross Rent[1] (%)
as at 31 December 2018

2019	4.8
2020	8.9
2021	17.6
2022	18.4
2023	6.6
2024 & beyond	43.7

Portfolio Rent Review by Committed NLA[1] (%)
as at 31 December 2018

2019	0.4
2020	3.5
2021	7.5
2022	–
2023	4.0
2024 & beyond	7.7

Portfolio Rent Review by Committed Monthly Gross Rent[1] (%)
as at 31 December 2018

2019	0.4
2020	3.3
2021	7.9
2022	–
2023	3.2
2024 & beyond	8.1

1 Based on Keppel REIT's interest in the respective properties.
2 Includes the office tower under development at 311 Spencer Street. Based on the exchange rate of A$1 = S$1.0071.
3 Excludes the office tower under development at 311 Spencer Street.

In Australia, the development of the office tower at 311 Spencer Street in Melbourne is in progress. The freehold Grade A development is strategically located between Melbourne's CBD and the Docklands precinct, which is an extension of the CBD. Upon commencement of the 30-year lease to the Victoria Police in 1H 2020, the office tower at 311 Spencer Street will contribute a steady income stream with fixed annual rental escalations.

The Manager adopts a tenant-centric management approach in providing quality office spaces that meet tenants' evolving business needs. As part of its strategy to rejuvenate its assets, enhancement initiatives were carried out at 275 George Street in Brisbane in 2018. The upgrading works of the main lobby and end-of-trip facilities have been completed and are well-received by tenants. At 8 Exhibition Street in Melbourne, initiatives to improve the amenities and courtyard facilities are expected to commence in 2019.

Premium Portfolio with High Committed Occupancy

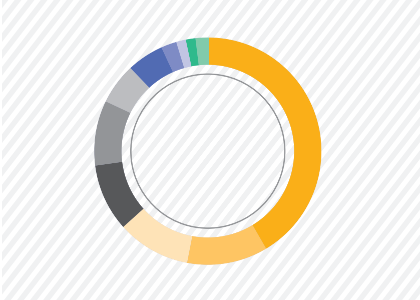
As at end 2018, Keppel REIT's $8.1 billion[1] portfolio comprised premium Grade A office space in Singapore, as well as in the key Australian cities of Sydney, Melbourne, Brisbane and Perth. Its Singapore assets form the core of its portfolio, contributing approximately 85% of assets under management.

Through proactive marketing and leasing efforts, Keppel REIT maintained a high portfolio committed occupancy of 98.4% as at end 2018.

The average committed occupancy for its Singapore and Australia properties was 98.1% and 99.4% respectively, which was higher than that of the Singapore core CBD average of 94.8%[2], and above the Australian CBD average of 91.7%[2].

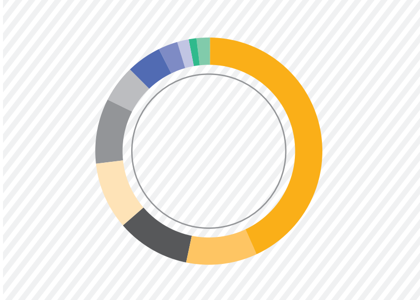
1 Includes the office tower under development at 311 Spencer Street.
2 Sources:
Singapore – CBRE Pte. Ltd., as at 4Q 2018.
Australia – Property Council of Australia, as at January 2019.

Tenant Business Sector Analysis by Committed NLA (%)
as at 31 December 2018



Banking, insurance and financial services	41.7
Government agency	11.5
TMT	10.2
Legal	9.5
Energy, natural resources, shipping and marine	9.2
Accounting and consultancy services	5.8
Real estate and property services	5.4
Retail and F&B	2.0
Services	1.6
Hospitality and leisure	1.3
Others	1.8
Total	**100.0**

Tenant Business Sector Analysis by Committed Monthly Gross Rent (%)
as at 31 December 2018



Banking, insurance and financial services	43.4
Government agency	10.2
Legal	10.1
TMT	9.5
Energy, natural resources, shipping and marine	9.2
Accounting and consultancy services	5.2
Real estate and property services	5.1
Retail and F&B	2.8
Services	1.7
Hospitality and leisure	1.1
Others	1.7
Total	**100.0**

Portfolio Occupancy by Committed NLA (%)
as at 31 December 2018

Portfolio	98.4
Singapore	98.1
Australia	99.4
Property	
Ocean Financial Centre	96.1
Marina Bay Financial Centre[1]	99.9
One Raffles Quay	96.1
Bugis Junction Towers	100.0
8 Chifley Square	100.0
8 Exhibition Street	98.7
275 George Street	99.3
David Malcolm Justice Centre	100.0

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

Property Portfolio

Weighted Average Lease Expiry[1]
as at 31 December 2018

Portfolio	5.9 years
Top 10 tenants	8.2 years
Leases committed in 2018[2]	5.2 years

1 Excludes all rent reviews.
2 Based on the WALE of new and renewal leases concluded in 2018.

Long WALE

As at end 2018, Keppel REIT's WALE was approximately 5.9 years for its overall portfolio and about 8.2 years for the top 10 tenants.

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

The WALE for new and renewal leases committed in 2018 was approximately 5.2 years as at end 2018. These leases constituted 19.4% of Keppel REIT's average monthly property income in 2018.

The weighted average remaining tenure of leasehold properties in Keppel REIT's portfolio was 86.1 years (by attributable NLA).

Out of the total attributable NLA of 3,160,160 sf[1], 85.1% and 14.9% are leasehold and freehold properties respectively.

Well-Staggered Lease Expiry Profile

Keppel REIT continues to maintain a well-staggered lease expiry profile. As at end 2018, not more than 20.0% of the portfolio's total committed leases (by NLA) will expire in any one year over the next five years.

Approximately 4.2% of leases based on the total attributable NLA are due for renewal in 2019, 8.2% in 2020 and 16.7% in 2021. The remaining 69.3% of leases are due for renewal only in 2022 and beyond.

Of the 4.2% and 0.4% of leases (by attributable NLA) expiring and due for review respectively in 2019, majority of the Singapore office leases range between $9.10 psf and $12.00 psf.

Diversified Tenant Base

Keppel REIT has a well-diversified and established tenant base, many of which are established corporations. As at end 2018, there were 336 tenants from various business sectors in Keppel REIT's portfolio.

Top 10 Tenants

In 2018, the top 10 tenants contributed 37.8% of the total committed monthly gross rental income, on an attributable basis.

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

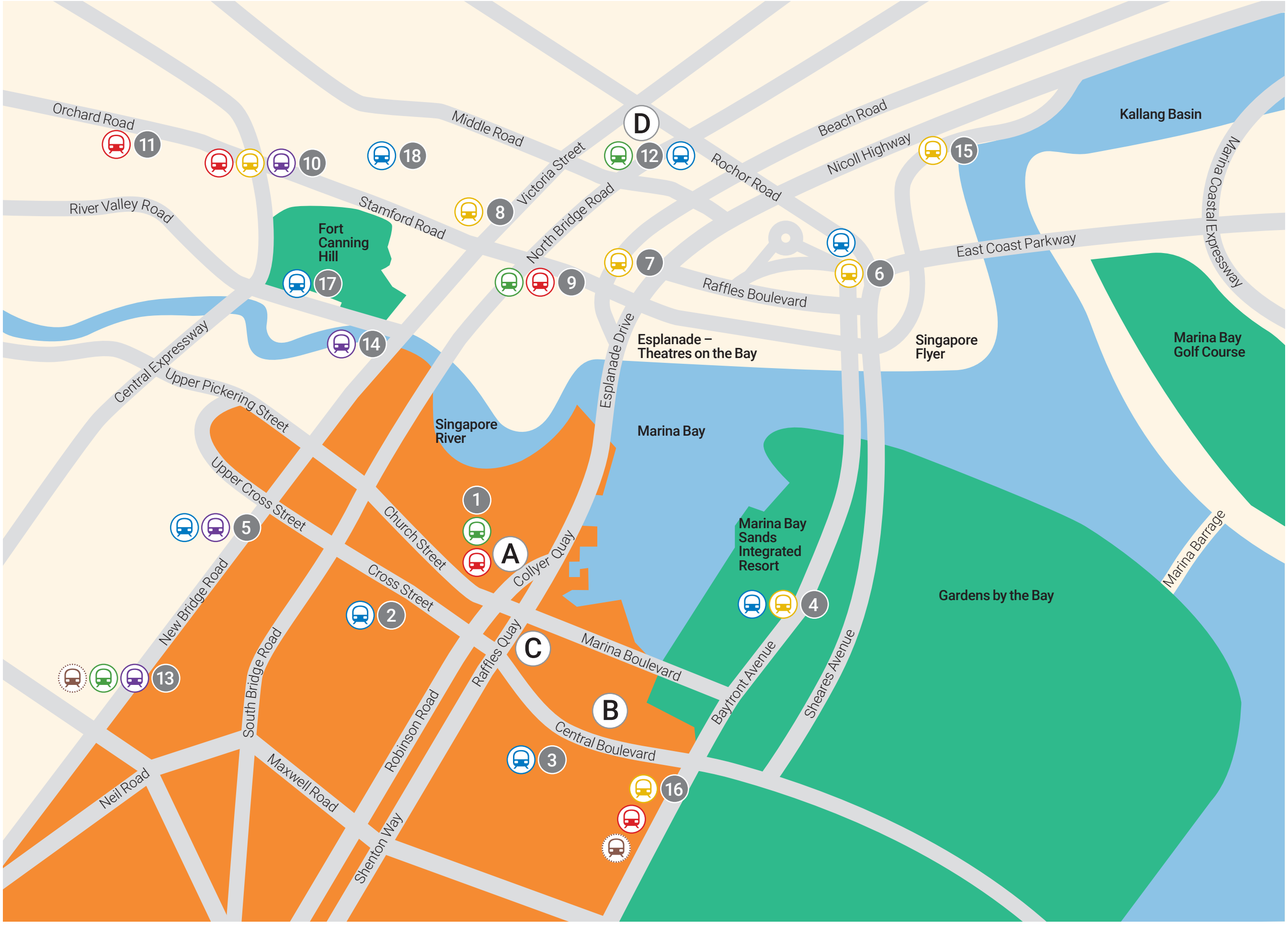
1 Excludes the office tower under development at 311 Spencer Street.

Top 10 Tenants by Committed Monthly Gross Rent

	Building[1]	Tenant	% of Total Committed Monthly Gross Rent[2]	% of Total Committed NLA[2]	Business Sector
1	**MBFC**	DBS Bank	7.1%	6.6%	Banking, insurance and financial services
2	**DMJC**	Minister for Works – Government of Western Australia	5.4%	5.3%	Government agency
3	**MBFC**	Standard Chartered Bank	4.7%	4.6%	Banking, insurance and financial services
4	**OFC**	BNP Paribas	4.2%	4.0%	Banking, insurance and financial services
5	**ORQ and 8EX**	Ernst & Young	3.3%	4.1%	Accounting and consultancy services
6	**BJT**	Enterprise Singapore	3.3%	4.1%	Government agency
7	**ORQ and 8EX**	UBS	2.6%	3.0%	Banking, insurance and financial services
8	**275GS**	Telstra Corporation	2.5%	3.4%	TMT
9	**MBFC**	Barclays	2.4%	2.3%	Banking, insurance and financial services
10	**OFC and 275GS**	ANZ	2.3%	2.5%	Banking, insurance and financial services
			37.8%	**39.9%**	

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

Location of Singapore Properties



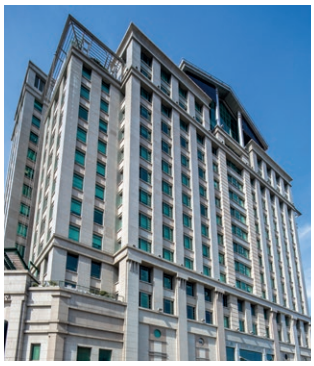
For illustration purposes, and not drawn to scale.

Ⓐ Ocean Financial Centre

Ⓑ Marina Bay Financial Centre

Ⓒ One Raffles Quay

Ⓓ Bugis Junction Towers



MRT Stations

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

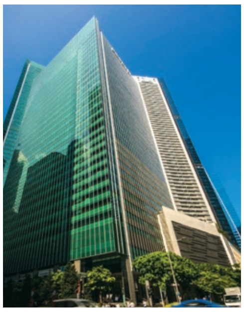
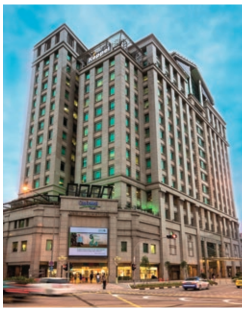
Legend

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

Property Portfolio
At a Glance

Singapore

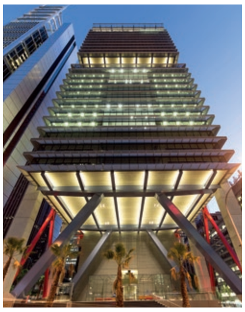
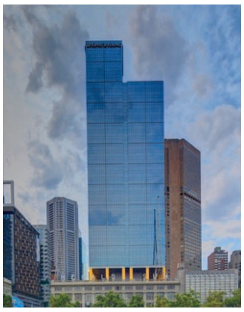


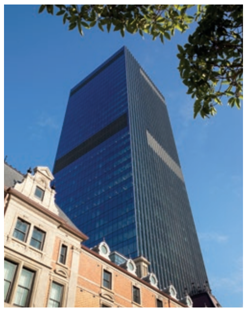



	Ocean Financial Centre[1]	Marina Bay Financial Centre[1,8]	One Raffles Quay[1]	Bugis Junction Towers[1]
Location	10 Collyer Quay, Singapore 049315	8, 8A,10 and 12 Marina Boulevard, Singapore 018981-4	1 Raffles Quay, Singapore 048583	230 Victoria Street, Singapore 188024
Title	Leasehold interest of 99 years expiring 13 December 2110	Leasehold estate of 99 years expiring 10 October 2104[9] Leasehold estate of 99 years expiring 7 March 2106[10]	Leasehold estate of 99 years expiring 12 June 2100	Leasehold estate of 99 years expiring 9 September 2089
Ownership Interest	79.9%[2]	33.3%	33.3%	100%
Acquisition Date	14 December 2011[2] 25 June 2012[2]	15 December 2010[9] 16 December 2014[10]	10 December 2007	26 April 2006
Purchase Price	$1,838.6 million[3]	$1,426.8 million[9] $1,248.0 million[10]	$941.5 million	$159.5 million
Valuation[1]	$2,099.0 million $2,994 psf	$1,695.3 million[9] $1,297.0 million[10] $2,918 psf[8]	$1,275.6 million $2,882 psf	$515.0 million $2,069 psf
Capitalisation Rate	3.60%	3.65%[9] 3.63%[10]	3.65%	3.65%
Attributable NLA	701,011 sf 65,126 sm	1,025,522 sf 95,273 sm	442,576 sf 41,116 sm	248,853 sf 23,119 sm
Committed Occupancy	96.1%	99.9%	96.1%	100%
FY 2018 Income Contribution	$93.7 million[4]	$81.0 million	$24.8 million	$16.1 million
Number of Tenants[5]	66	164	60	19
Principal Tenants[6]	BNP Paribas, ANZ, Drew & Napier	DBS Bank, Standard Chartered Bank, Barclays	Deutsche Bank, UBS, Ernst & Young	Enterprise Singapore, InterContinental Hotels Group, UCommune
Number of Carpark Lots[7]	224	1,054	713	648[11]

1 Based on Keppel REIT's interest in the respective properties as at 31 December 2018.
2 Keppel REIT previously held a 99.9% interest comprising 87.5% interest that was acquired on 14 December 2011 and 12.4% interest that was acquired on 25 June 2012. Subsequently, on 11 December 2018, a 20% interest in the building was divested.
3 Based on 79.9% of the historical purchase price of $2,298.8 million for the 99.9% ownership in Ocean Financial Centre.
4 Based on 99.9% interest before a 20% interest was divested on 11 December 2018, and remaining 79.9% interest subsequent to the divestment.
5 Tenants located in more than one building are accounted for as one tenant when computing the total number of tenants.
6 On committed basis.
7 Refers to all available carpark lots in the respective properties, excluding loading and unloading bays.
8 Comprises Marina Bay Financial Centre (MBFC) Towers 1, 2 and 3 and the subterranean mall, Marina Bay Link Mall (MBLM).
9 Refers to MBFC Towers 1 and 2 and MBLM.
10 Refers to MBFC Tower 3.
11 Carpark lots are owned by the management corporation.

Australia




	8 Chifley Square[1]	8 Exhibition Street[1,6]	275 George Street[1]	David Malcolm Justice Centre[1]	311 Spencer Street[1] *(Under development)*
Location	8 Chifley Square, Sydney, New South Wales 2000, Australia	8 Exhibition Street, Melbourne, Victoria 3000, Australia	275 George Street, Brisbane, Queensland 4000, Australia	28 Barrack Street, Perth, Western Australia 6000, Australia	311 Spencer Street, Melbourne, Victoria 3008, Australia
Title	Leasehold estate of 99 years expiring 5 April 2105	Freehold	Freehold	Leasehold estate of 99 years expiring 30 August 2114	Freehold
Ownership Interest	50%	50%[6]	50%	50%	50%
Acquisition Date	28 July 2011	1 August 2013[7] 12 October 2015[8]	1 March 2010	28 March 2013	31 July 2017
Purchase Price (on acquisition)	$197.8 million	$192.4 million[7] $8.9 million[8]	$209.4 million	$208.1 million	$362.4 million[10]
Valuation[2]	$249.3 million $2,396 psf	$271.9 million $1,107 psf	$232.2 million $1,033 psf	$221.6 million $1,321 psf	$233.8 million[11]
Capitalisation Rate	4.88%	5.00%[7] 4.50%[8]	5.25%	5.50%	4.50%
Attributable NLA	104,070 sf 9,668 sm	245,651 sf 22,822 sm	224,693 sf 20,874 sm	167,784 sf 15,588 sm	358,683 sf 33,322 sm
Committed Occupancy	100%	98.7%	99.3%	100%	100%
FY 2018 Income Contribution	$13.0 million	$11.2 million	$11.1 million	$13.2 million	–
Number of Tenants[3]	8	22	13	2	1
Principal Tenants[4]	Corrs Chambers Westgarth, Quantium Group, QBE Insurance Group	Ernst & Young, Minister for Finance – State of Victoria, UBS	Telstra Corporation, Queensland Gas Company, The State of Queensland[9]	Minister for Works – Government of Western Australia	Minister for Finance – State of Victoria
Number of Carpark Lots[5]	29	–	215	195	600

1 Based on Keppel REIT's interest in the respective properties as at 31 December 2018.
2 Valuation as at 31 December 2018 based on Keppel REIT's interest in the respective properties and on the exchange rate of A$1 = S$1.0071.
3 Tenants located in more than one building are accounted for as one tenant when computing the total number of tenants.
4 On committed basis.
5 Refers to all available carpark lots in the respective properties, excluding loading and unloading bays.
6 Keppel REIT owns a 50% interest in the 8 Exhibition Street office building and a 100% interest in the three adjacent retail units.
7 Refers to Keppel REIT's 50% interest in the office building.
8 Refers to Keppel REIT's 100% interest in the three adjacent retail units.
9 Refers to the Department of Housing and Public Works –The State of Queensland.
10 Based on the aggregate consideration paid to date and to be paid, including development costs of the building, at the exchange rate of A$1=S$1.042 as disclosed in the announcement dated 29 June 2017.
11 Based on "as is" valuation as at 31 December 2018.

Property Portfolio
Singapore

Ocean Financial Centre

Ocean Financial Centre is a 43-storey premium Grade A office tower located in the heart of Singapore's financial centre, at the intersection of the Raffles Place and Marina Bay financial precincts. An underground pedestrian network connects Ocean Financial Centre directly to the Raffles Place MRT interchange and the Marina Bay precinct. It offers over 877,000 sf of quality office space with large column-free floor plates of up to 25,000 sf. There are various dining options and amenities available at Ocean Colours, the retail component located on the ground and basement levels. For its outstanding architecture and sustainable features, Ocean Financial Centre was recertified with the Green Mark Platinum Award by the Building and Construction Authority of Singapore (BCA) in January 2019.

Key Statistics
as at 31 December 2018

Location
10 Collyer Quay,
Singapore 049315

Title
Leasehold interest of 99 years expiring 13 December 2110

Ownership Interest
79.9%[1]

Acquisition Date[1]
14 December 2011
25 June 2012

Valuation[2]
$2,099.0 million

Attributable NLA
701,011 sf
65,126 sm

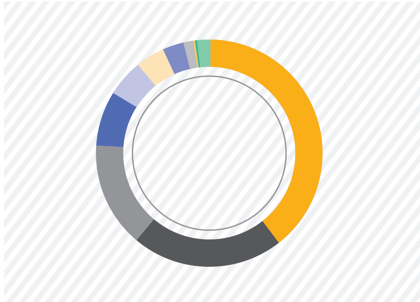
Committed Occupancy
96.1%

Income Contribution[3]
$93.7 million

Number of Tenants
66

Number of Carpark Lots
224

Tenant Business Sector Analysis by Committed Monthly Gross Rent (%)
as at 31 December 2018



Banking, insurance and financial services	40.0
Legal	21.2
Energy, natural resources, shipping and marine	14.7
Real estate and property services	7.8
Services	5.3
TMT	4.3
Retail and F&B	2.9
Accounting and consultancy services	1.4
Government agency	0.4
Hospitality and leisure	0.2
Others	1.8
Total	**100.0**

Top Five Tenants
as at 31 December 2018

	% of Total Committed Monthly Gross Rent
BNP Paribas	18.5
ANZ	9.7
Drew & Napier	9.6
Anglo American Marketing	4.5
The Executive Centre Singapore	4.3

Lease Expiry Profile by Committed Monthly Gross Rent (%)
as at 31 December 2018

2019	5.4
2020	11.5
2021	22.7
2022	21.4
2023	5.3
2024 & beyond	33.7

1 Keppel REIT previously held a 99.9% interest comprising 87.5% interest that was acquired on 14 December 2011 and 12.4% interest that was acquired on 25 June 2012. Subsequently, on 11 December 2018, a 20% interest in the building was divested.
2 Valuation as at 31 December 2018 based on Keppel REIT's interest in the property.
3 Based on 99.9% interest before a 20% interest was divested on 11 December 2018, and remaining 79.9% interest subsequent to the divestment.

Marina Bay Financial Centre

Located at downtown Marina Bay, Marina Bay Financial Centre (MBFC) is an integrated development comprising three premium Grade A office towers and the subterranean mall, Marina Bay Link Mall. An underground pedestrian network connects MBFC to the Downtown and Raffles Place MRT stations and other surrounding office buildings. Positioned as Asia's best business address, the office towers offer over three million sf of premium office space with large column-free floor plates of between 20,000 sf and 45,000 sf. The development has been conferred the BCA Green Mark Platinum Award.

Key Statistics
as at 31 December 2018

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

Title
Leasehold estate of 99 years expiring 10 October 2104[1]

Leasehold estate of 99 years expiring 7 March 2106[2]

Ownership Interest
33.3%

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

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

Attributable NLA
1,025,522 sf
95,273 sm

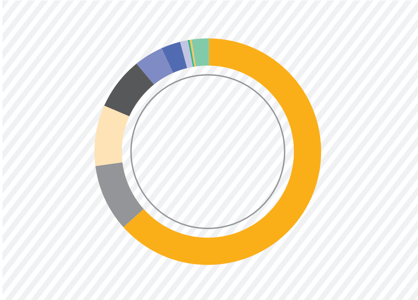
Committed Occupancy
99.9%

Income Contribution
$81.0 million

Number of Tenants
164

Number of Carpark Lots
1,054

Tenant Business Sector Analysis by Committed Monthly Gross Rent (%)
as at 31 December 2018

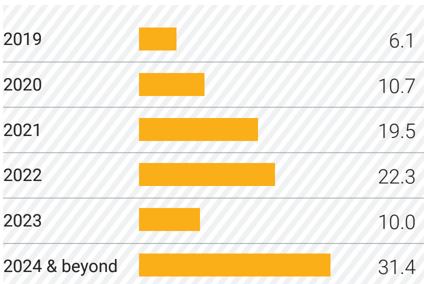


Banking, insurance and financial services	63.6
Energy, natural resources, shipping and marine	9.4
TMT	8.4
Legal	7.5
Retail and F&B	4.3
Real estate and property services	2.9
Services	0.9
Hospitality and leisure	0.4
Government agency	0.2
Others	2.4
Total	**100.0**

Top Five Tenants
as at 31 December 2018

	% of Total Committed Monthly Gross Rent
DBS Bank	19.7
Standard Chartered Bank	13.1
Barclays	6.8
HSBC	4.9
Nomura	2.9

Lease Expiry Profile by Committed Monthly Gross Rent (%)
as at 31 December 2018



1 Refers to MBFC Towers 1 and 2 as well as the subterranean mall, Marina Bay Link Mall.
2 Refers to MBFC Tower 3.
3 Valuation as at 31 December 2018 based on Keppel REIT's interest in the property.

Property Portfolio
Singapore

One Raffles Quay

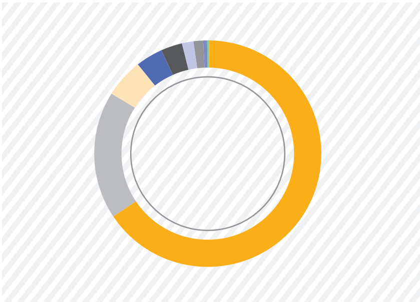
One Raffles Quay is a landmark commercial development located in the Marina Bay precinct. The development comprises the 50-storey North Tower and the 29-storey South Tower, both offering a total of over 1.3 million sf of premium Grade A office space with column-free floor plates of 18,000 sf and 30,000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

An underground pedestrian walkway connects the development directly to the Raffles Place and Downtown MRT stations, as well as other surrounding office buildings. In recognition of its outstanding achievements in environmental sustainability, One Raffles Quay has been conferred the BCA Green Mark Platinum Award.

Key Statistics
as at 31 December 2018

Location 1 Raffles Quay, Singapore 048583	**Attributable NLA** 442,576 sf 41,116sm
Title Leasehold estate of 99 years expiring 12 June 2100	**Committed Occupancy** 96.1%
Ownership Interest 33.3%	**Income Contribution** $24.8 million
Acquisition Date 10 December 2007	**Number of Tenants** 60
Valuation[1] $1,275.6 million	**Number of Carpark Lots** 713

Tenant Business Sector Analysis by Committed Monthly Gross Rent (%)
as at 31 December 2018

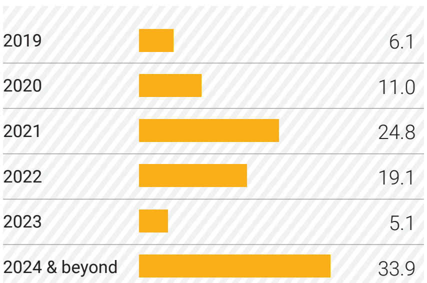


Banking, insurance and financial services	65.6
Accounting and consultancy services	18.2
TMT	5.6
Real estate and property services	3.9
Legal	3.0
Services	1.6
Energy, natural resources, shipping and marine	1.3
Retail and F&B	0.6
Others	0.2
Total	**100.0**

Top Five Tenants
as at 31 December 2018

	% of Total Committed Monthly Gross Rent
Deutsche Bank	15.2
UBS	15.0
Ernst & Young	12.6
ABN AMRO	5.2
Capital International	3.2

Lease Expiry Profile by Committed Monthly Gross Rent (%)
as at 31 December 2018



[1] Valuation as at 31 December 2018 based on Keppel REIT's interest in the property.

Bugis Junction Towers

The 15-storey Bugis Junction Towers is part of the Bugis Junction integrated mixed-use development. It offers close to 250,000 sf of quality office space and floor plates of approximately 20,000 sf. The office tower is directly linked to the retail mall and a five-star hotel, as well as the Bugis MRT station, which serves both the East West Line and Downtown Line. Bugis Junction Towers has been recognised with the BCA Green Mark Platinum Award.

Key Statistics
as at 31 December 2018

Location
230 Victoria Street,
Singapore 188024

Title
Leasehold estate of 99 years expiring 9 September 2089

Ownership Interest
100%

Acquisition Date
26 April 2006

Valuation[1]
$515.0 million

Attributable NLA
248,853 sf
23,119 sm

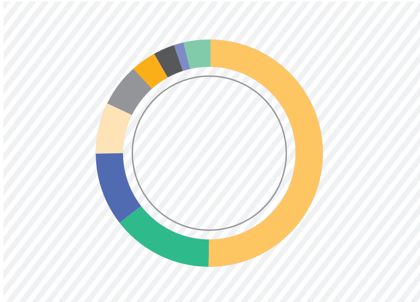
Committed Occupancy
100%

Income Contribution
$16.1 million

Number of Tenants
19

Number of Carpark Lots[2]
648

Tenant Business Sector Analysis by Committed Monthly Gross Rent (%)
as at 31 December 2018

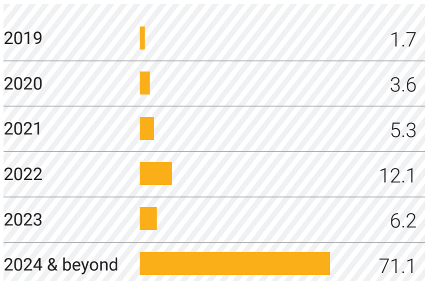


Government agency	50.4
Hospitality and leisure	14.1
Real estate and property services	10.4
TMT	7.3
Energy, natural resources, shipping and marine	6.1
Banking, insurance and financial services	3.4
Legal	3.1
Retail and F&B	1.4
Others	3.8
Total	**100.0**

Top Five Tenants
as at 31 December 2018

	% of Total Committed Monthly Gross Rent
Enterprise Singapore	50.4
InterContinental Hotels Group	12.2
UCommune	8.4
ADM Asia-Pacific Trading	4.7
Avaloq Asia	3.7

Lease Expiry Profile by Committed Monthly Gross Rent (%)
as at 31 December 2018



1 Valuation as at 31 December 2018 based on Keppel REIT's interest in the property.
2 Carpark lots are owned by the management corporation.

Property Portfolio
Australia

8 Chifley Square

8 Chifley Square is a 30-storey premium grade office building located at the junction of Hunter Street and Elizabeth Street in Sydney's CBD. Its distinctive interlinked "vertical village" concept provides tenants the flexibility in designing collaborative and connected workspace environments to enhance interaction among employees.

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

Key Statistics
as at 31 December 2018

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

Title
Leasehold estate of 99 years expiring 5 April 2105

Ownership Interest
50%

Acquisition Date
28 July 2011

Valuation[1]
$249.3 million

Attributable NLA
104,070 sf
9,668 sm

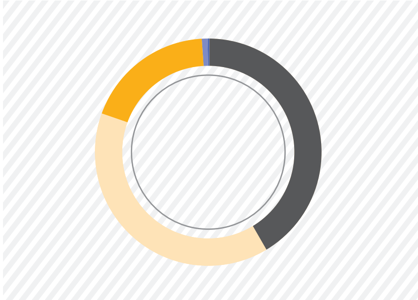
Committed Occupancy
100%

Income Contribution
$13.0 million

Number of Tenants
8

Number of Carpark Lots
29

Tenant Business Sector Analysis by Committed Monthly Gross Rent (%)
as at 31 December 2018

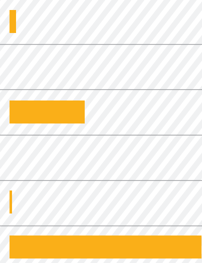


Legal	41.7
TMT	38.7
Banking, insurance and financial services	18.6
Retail and F&B	0.9
Real estate and property services	0.1
Total	**100.0**

Top Five Tenants
as at 31 December 2018

	% of Total Committed Monthly Gross Rent
Corrs Chambers Westgarth	41.7
Quantium Group	38.7
QBE Insurance Group	16.3
Natixis	2.3
Jay Kim Pty Ltd – Sushia	0.4

Lease Expiry Profile by Committed Monthly Gross Rent (%)
as at 31 December 2018



2019	2.3
2020	–
2021	27.2
2022	–
2023	0.9
2024 & beyond	69.6

[1] Valuation as at 31 December 2018 based on Keppel REIT's interest in the property and based on the exchange rate of A$1 = S$1.0071.

8 Exhibition Street

8 Exhibition Street is a freehold premium grade commercial building in the prime part of Melbourne's CBD with a NLA of approximately 490,000 sf, including ancillary retail space on the ground floor. It is located close to public transportation nodes and is within walking distance to the major Parliament and Flinders Street railway stations. The 35-storey development offers tenants a panoramic view of famous landmarks such as the Yarra River and Royal Botanical Gardens. It holds a 4.5 Stars NABERS Energy rating.

Key Statistics
as at 31 December 2018

Location
8 Exhibition Street, Melbourne, Victoria 3000, Australia

Title
Freehold

Ownership Interest[1]
50%

Acquisition Date
1 August 2013[2]
12 October 2015[3]

Valuation[1,4]
$271.9 million

Attributable NLA
245,651 sf
22,822 sm

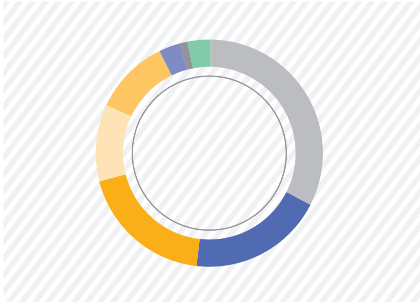
Committed Occupancy
98.7%

Income Contribution
$11.2 million

Number of Tenants
22

Number of Carpark Lots
–

Tenant Business Sector Analysis by Committed Monthly Gross Rent (%)
as at 31 December 2018

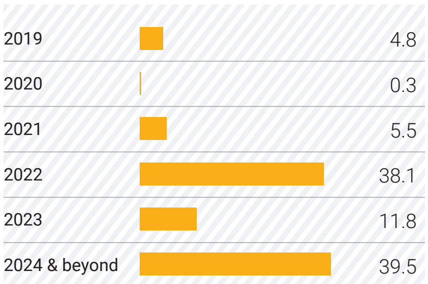


Accounting and consultancy services	32.9
Real estate and property services	19.2
Banking, insurance and financial services	18.9
TMT	10.8
Government agency	10.7
Retail and F&B	3.1
Energy, natural resources, shipping and marine	1.2
Others	3.2
Total	**100.0**

Top Five Tenants
as at 31 December 2018

	% of Total Committed Monthly Gross Rent
Ernst & Young	29.7
Minister for Finance – State of Victoria	10.7
UBS	9.0
Amazon	7.2
CBRE	7.1

Lease Expiry Profile by Committed Monthly Gross Rent (%)
as at 31 December 2018



1 Keppel REIT owns a 50% interest in the office building and a 100% interest in the three adjacent retail units.
2 Refers to Keppel REIT's 50% interest in the office building.
3 Refers to Keppel REIT's 100% interest in the three adjacent retail units.
4 Valuation as at 31 December 2018 based on Keppel REIT's interest in the property and based on the exchange rate of A$1 = S$1.0071.

Property Portfolio
Australia

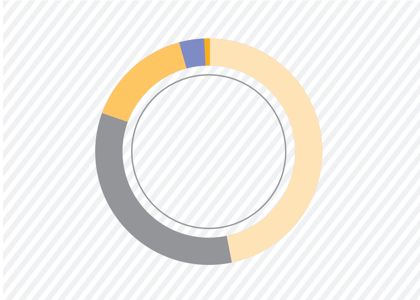
275 George Street

275 George Street is a premium freehold Grade A building in Brisbane's CBD with over 449,000 sf of quality office space. Located between the city's two largest railway stations, Roma Street and Central Railway Stations, the 31-storey building offers tenants unparalleled connectivity and panoramic views of the cityscape. 275 George Street has achieved both the 5 Stars NABERS Energy rating and the GBCA 5 Star Green Star – Office Design v2 and As Built v2 ratings. The building has also attained the GBCA 3 Star Green Star – Performance v1.1 rating.

Key Statistics
as at 31 December 2018

Location 275 George Street, Brisbane, Queensland 4000, Australia	**Attributable NLA** 224,693 sf 20,874 sm
Title Freehold	**Committed Occupancy** 99.3%
Ownership Interest 50%	**Income Contribution** $11.1 million
Acquisition Date 1 March 2010	**Number of Tenants** 13
Valuation[1] $232.2 million	**Number of Carpark Lots** 215

Tenant Business Sector Analysis by Committed Monthly Gross Rent (%)
as at 31 December 2018



TMT	47.0
Energy, natural resources, shipping and marine	33.4
Government agency	15.2
Retail and F&B	3.6
Banking, insurance and financial services	0.8
Total	**100.0**

Top Five Tenants
as at 31 December 2018

	% of Total Committed Monthly Gross Rent
Telstra Corporation	47.0
Queensland Gas Company	33.4
Department of Housing and Public Works – The State of Queensland	12.0
Director of Public Prosecutions – Commonwealth of Australia	3.2
Ten Limit Pty Ltd – Cicada	0.9

Lease Expiry Profile by Committed Monthly Gross Rent (%)
as at 31 December 2018

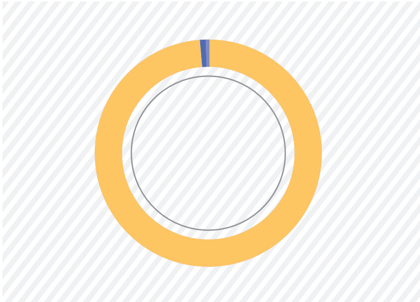
2019	1.4
2020	10.1
2021	0.3
2022	–
2023	0.3
2024 & beyond	87.9

1 Valuation as at 31 December 2018 based on Keppel REIT's interest in the property and based on the exchange rate of A$1 = S$1.0071.

David Malcolm Justice Centre

Strategically located in Perth's CBD at the junction of Barrack Street and St Georges Terrace, the 33-storey David Malcolm Justice Centre and its annexe offer a total lettable area of approximately 336,000 sf. It was built on the historic site of the Old Treasury Building and houses the Supreme Court's civil functions, judicial chambers, as well as the departments of Treasury and Justice. David Malcolm Justice Centre has achieved the 5 Stars NABERS Energy rating and the GBCA 5 Star Green Star – Office Design v3 and As Built v3 ratings. The building is the first in Perth to attain the GBCA 6 Star Green Star – Performance v1.2 rating.

Tenant Business Sector Analysis by Committed Monthly Gross Rent (%)
as at 31 December 2018



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

Top Five Tenants
as at 31 December 2018

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

Lease Expiry Profile by Committed Monthly Gross Rent (%)
as at 31 December 2018

2019	–
2020	1.3
2021	–
2022	–
2023	–
2024 & beyond	98.7

Key Statistics
as at 31 December 2018

Location
28 Barrack Street, Perth, Western Australia 6000, Australia

Title
Leasehold estate of 99 years expiring 30 August 2114

Ownership Interest
50%

Acquisition Date
28 March 2013

Valuation[1]
$221.6 million

Attributable NLA
167,784 sf
15,588 sm

Committed Occupancy
100%

Income Contribution
$13.2 million

Number of Tenants
2

Number of Carpark Lots
195

1 Valuation as at 31 December 2018 based on Keppel REIT's interest in the property and based on the exchange rate of A$1 = S$1.0071.

Property Portfolio
Australia

311 Spencer Street *(Under development)*

The Grade A office tower, which is under construction at 311 Spencer Street, will have an estimated total NLA of 717,000 sf when completed in 1H 2020. It is strategically located between Melbourne's CBD and the Docklands precinct. It is also within walking distance to the Southern Cross Station, the city's major railway and transportation hub.

The 42-storey office tower is fully leased to the Minister for Finance – State of Victoria and will be the headquarters for the Victoria Police. Designed by leading architecture firm, Woods Bagot, the office tower will be an eco-icon in Melbourne, meeting the requirements of the GBCA 5 Star Green Star – Office Design and As Built ratings as well as the 4.5 Stars NABERS Energy rating.

Key Statistics
as at 31 December 2018

Location 311 Spencer Street, Melbourne, Victoria 3008, Australia	**Attributable NLA** 358,683 sf 33,322 sm
Title Freehold	**Committed Occupancy** 100%
Ownership Interest 50%	**Income Contribution** –
Acquisition Date 31 July 2017	**Number of Tenants** 1
Valuation[1,2] $233.8 million	**Number of Carpark Lots** 600

1 Based on "as is" valuation as at 31 December 2018.
2 Based on Keppel REIT's interest in the property and on the exchange rate of A$1 = S$1.0071.

Financial Review

The Manager remains focused on delivering sustainable distribution through operational excellence, ongoing portfolio optimisation and proactive capital management.

Net Asset Value Per Unit

$1.39

Net asset value per Unit, excluding the distributable income for 4Q 2018, was $1.39 as at 31 December 2018.

Aggregate Leverage

36.3%

Lowered aggregate leverage to 36.3% as at end 2018 after loan repayment with part of divestment proceeds.

Distributable Income by Quarter ($'000)

Q4 2018	**46,150**
Q3 2018	**46,340**
Q2 2018	**48,323**
Q1 2018	**48,232**
Q4 2017	48,201
Q3 2017	47,002
Q2 2017	47,406
Q1 2017	48,121

Keppel REIT recorded distributable income of $189.0 million for the financial year ended 31 December 2018 (FY 2018), a 0.9% decrease from $190.7 million for the financial year ended 31 December 2017 (FY 2017). The decrease was attributable mainly to lower income from Ocean Financial Centre (excluding one-off income received) and 275 George Street, lower dividend and distribution income received from associates and joint ventures, lower rental support and higher borrowing costs.

Keppel REIT's share of results of associates and joint ventures decreased 12.0% and 5.6% year-on-year to $73.7 million and $30.2 million respectively, due mainly to the decrease in income from Keppel REIT's interests in One Raffles Quay and Marina Bay Financial Centre, and a weakened Australian dollar (AUD).

Portfolio Optimisation

As part of its portfolio optimisation efforts, Keppel REIT completed the divestment of a non-controlling stake of 20% in Ocean Properties Limited Liability Partnership (OPLLP), which holds Ocean Financial Centre, on 11 December 2018. The stake was sold to Allianz Real Estate for $537.3 million, approximately $77.1 million above the historical purchase price of $460.2 million[1].

[1] Based on 20% of the historical purchase price of $2,298.8 million for the 99.9% ownership in Ocean Financial Centre.

Financial Review

Overview

	2018 $'000	2017 $'000	Change %
Property income	**165,858**	164,516	0.8
Property expenses	**(32,703)**	(33,316)	(1.8)
Net property income	**133,155**	131,200	1.5
Share of results of associates	**73,720**	83,795	(12.0)
Share of results of joint ventures	**30,170**	31,959	(5.6)
Interest income and rental support[1]	**33,690**	35,800	(5.9)
Manager's management fees	**(51,263)**	(50,989)	0.5
Other operating expenses	**(87,815)**	(86,182)	1.9
Profit before net change in fair value of investment properties	**131,657**	145,583	(9.6)
Net change in fair value of investment properties	**33,167**	51,727	(35.9)
Income tax expense	**(10,236)**	(17,156)	(40.3)
Profit after tax	**154,588**	180,154	(14.2)
Attributable to:			
– Unitholders	**146,160**	172,608	(15.3)
– Perpetual securities holders	**7,470**	7,470	–
– Non-controlling interests	**958**	76	>500
Distributable income	**189,045**	190,730	(0.9)

1 Comprised rental support from the vendor of the one-third interest in Central Boulevard Development Pte. Ltd. For FY 2017, this also included rental support from the vendor of the approximate 12.4% interest in Ocean Financial Centre.

The strategic divestment allowed Keppel REIT to unlock part of the capital gains from this premium Grade A office building, while maintaining continued exposure to the strengthening Singapore office market through its remaining controlling stake of 79.9%.

Following the divestment of its 20% stake in OPLLP, Keppel REIT's assets under management (AUM) was $8.1 billion as at 31 December 2018, a decrease from $8.5 billion as at 31 December 2017.

These comprised interests in nine premium office assets (completed and under development) strategically located in the key business districts of Singapore and Australia.

The assets in Singapore are a 79.9% interest in Ocean Financial Centre (Ocean Financial Centre Interest), a 100% interest in Bugis Junction Towers, a one-third interest in Marina Bay Financial Centre (comprising Towers 1, 2 and 3 and the subterranean mall,

Financial Year Ended 31 December 2018	
1Q 2018 Results Announcement	18 April 2018
1Q 2018 Distribution to Unitholders	30 May 2018
2Q and 1H 2018 Results Announcement	16 July 2018
2Q 2018 Distribution to Unitholders	28 August 2018
3Q and 9M 2018 Results Announcement	15 October 2018
3Q 2018 Distribution to Unitholders	27 November 2018
4Q and FY 2018 Results Announcement	21 January 2019
4Q 2018 Distribution to Unitholders	28 February 2019
Despatch of Annual Report to Unitholders	1 April 2019
Annual General Meeting	23 April 2019

Financial Year Ending 31 December 2019	
1Q 2019 Results Announcement	April 2019
2Q and 1H 2019 Results Announcement	July 2019
3Q and 9M 2019 Results Announcement	October 2019
4Q and FY 2019 Results Announcement	January 2020

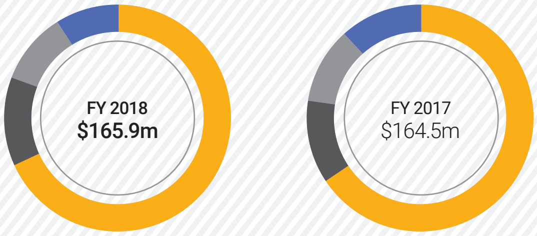
Marina Bay Link Mall) and a one-third interest in One Raffles Quay.

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

The contributions from Ocean Financial Centre, Bugis Junction Towers, 8 Exhibition Street Interest and 275 George Street Interest are accounted for as property income. Upon completion of the office tower at 311 Spencer Street, contribution from 311 Spencer Street Interest will also be accounted for as property income.

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

Property Income Contribution by Asset (%)



	2018	2017
Ocean Financial Centre	**68.3**	65.6
Bugis Junction Towers	**12.3**	11.8
8 Exhibition Street Interest	**10.5**	10.9
275 George Street Interest	**8.9**	11.7
Total	**100.0**	100.0

Distributable Income

Distributable income decreased by $1.7 million to $189.0 million for FY 2018, from $190.7 million for FY 2017.

The lower distributable income was attributable mainly to lower income received from Ocean Financial Centre (excluding one-off income) and 275 George Street, lower dividend and distribution income received from associates and joint ventures, lower rental support and higher borrowing costs.

Keppel REIT's Singapore assets, which include One Raffles Quay, accounted for over 80% of its income contribution for FY 2018.

Financial Review

Keppel REIT holds a 50% interest in 8 Chifley Square in Sydney, Australia.

The decrease in distributable income was offset partly by higher income contribution from Bugis Junction Towers, higher one-off income received, capital gains distribution, as well as lower trust expenses.

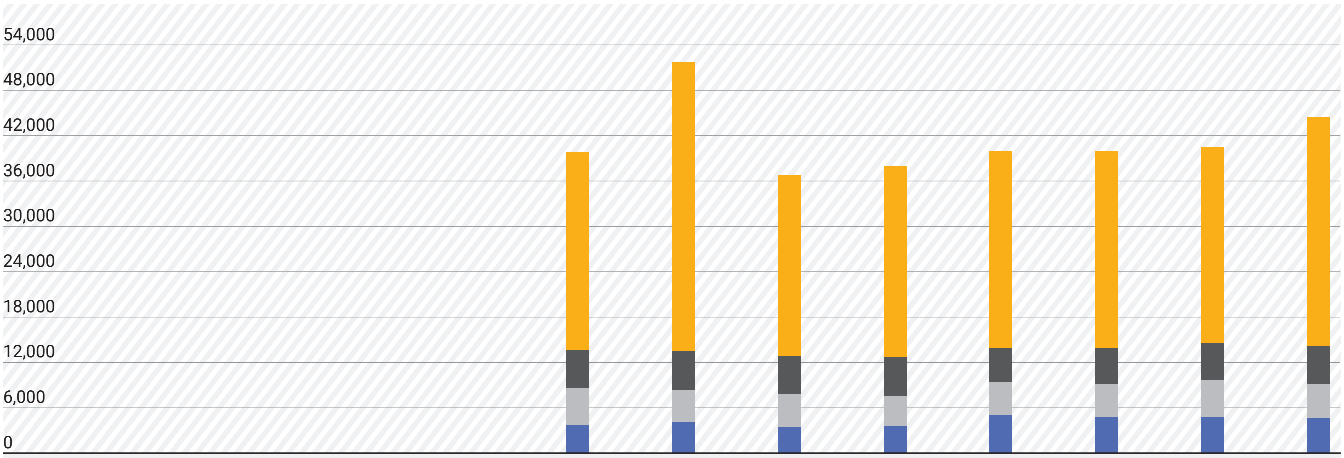
Property Income

Property income for FY 2018 stood at $165.9 million, compared with $164.5 million for FY 2017, due mainly to better performance from Bugis Junction Towers and higher one-off income received. This was offset partly by lower property income received from Ocean Financial Centre (excluding one-off income), 8 Exhibition Street Interest and 275 George Street Interest.

Net Property Income

Net property income (NPI) for FY 2018 stood at $133.2 million, compared with $131.2 million for FY 2017, due mainly to better performance from Bugis Junction Towers and one-off income received. This was offset partly by lower NPI from Ocean Financial Centre (excluding one-off income), 8 Exhibition Street Interest and 275 George Street Interest.

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



	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Ocean Financial Centre	**26,113**	**38,158**	**23,863**	**25,187**	25,951	25,937	25,854	30,210
Bugis Junction Towers	**5,079**	**5,126**	**5,084**	**5,102**	4,588	4,830	4,944	5,084
8 Exhibition Street Interest	**4,803**	**4,337**	**4,261**	**3,960**	4,232	4,314	4,919	4,434
275 George Street Interest	**3,739**	**4,033**	**3,447**	**3,566**	5,085	4,765	4,728	4,641
Total	**39,734**	**51,654**	**36,655**	**37,815**	39,856	39,846	40,445	44,369

Income Contribution

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

Keppel REIT's income contribution for FY 2018 was $265.1 million, compared with $284.1 million for FY 2017, due mainly to lower NPI from Ocean Financial Centre (excluding one-off income), 275 George Street Interest and 8 Exhibition Street Interest, lower dividend and distribution income from associates and joint ventures as well as absence of rental support for Ocean Financial Centre for FY 2018. The decrease in dividend and distribution income from associates and joint ventures was due mainly to lower income contribution from ORQPL and CBDPL, as well as a weakened AUD for 8 Chifley Square Interest and David Malcolm Justice Centre Interest. This was offset partly by higher NPI from Bugis Junction Towers and one-off income received as well as higher interest income from ORQPL and BFCDLLP.

In FY 2018, total rental support received, net of tax, amounted to $7.2 million, which translated to distribution per Unit of approximately 0.21 cents.

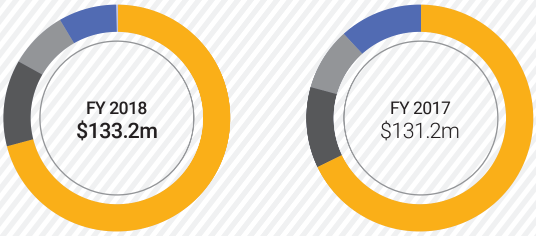
Assets Under Management

Keppel REIT's AUM was approximately $8.1 billion as at 31 December 2018, compared with $8.5 billion as at 31 December 2017, due mainly to the divestment of a 20% stake in OPLLP on 11 December 2018.

The decrease in the value of Bugis Junction Towers was due mainly to void periods and changes in tenancies expected in the near term, while the decrease for Marina Bay Financial Centre Tower 3 was in line with the decline in rental support balance as at 31 December 2018.

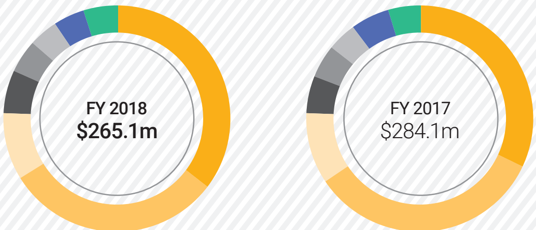
The decrease in the value of Ocean Financial Centre Interest was due mainly to the divestment of the 20% stake in OPLLP to Allianz Real Estate.

Net Property Income Contribution by Asset (%)



	2018	2017
Ocean Financial Centre	**71.1**	67.9
Bugis Junction Towers	**12.1**	11.5
8 Exhibition Street Interest	**8.4**	8.8
275 George Street Interest	**8.4**	11.8
Total	**100.0**	100.0

Income Contribution by Asset (%)



	2018	2017
Ocean Financial Centre[1]	**35.7**	32.3
One-third interests in BFCDLLP and CBDPL[2]	**30.6**	33.4
One-third interest in ORQPL[3]	**9.3**	10.1
Bugis Junction Towers	**6.1**	5.3
8 Chifley Square Interest	**4.9**	4.7
8 Exhibition Street Interest	**4.2**	4.1
275 George Street Interest	**4.2**	5.4
David Malcolm Justice Centre Interest	**5.0**	4.7
Total	**100.0**	100.0

1 Comprised net property income. For FY 2017, this also included rental support.
2 Comprised interest income, distribution/dividend income and rental support for CBDPL.
3 Comprised interest income and dividend income.

Financial Review

Net Asset Value

As at 31 December 2018, Keppel REIT's net asset value excluding the distributable income for 4Q 2018 was $1.39 per Unit.

Capital Management

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

As part of its proactive capital management strategy, the Manager initiated its Unit buy-back programme in 3Q 2018 following Unitholders' approval of the Unit buy-back mandate at the last annual general meeting.

In FY 2018, a total of $32.8 million of issued Units were purchased from the open market and subsequently cancelled. The Unit buy-back programme aims to enhance returns to Unitholders in the long term. In view of the Unit buy-back programme, the Distribution Reinvestment Plan has been suspended.

Funding and Borrowings

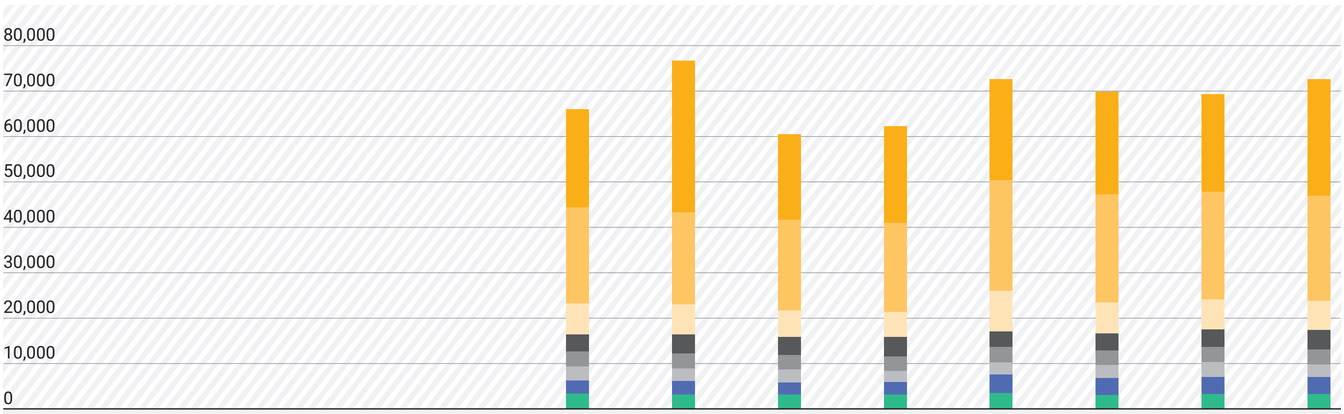
As at 31 December 2018, the total gross borrowings (excluding external borrowings carried at ORQPL and CBDPL) of Keppel REIT were lowered to $2,290.6 million, diversified across medium-term notes (MTN) investors and 13 lending banks. The decrease from $2,528.1 million as at 31 December 2017 was due mainly to the repayment of $300 million of loans with part of the proceeds from the divestment of the 20% stake in OPLLP, offset by further drawdown of loans to fund the development of the office tower at 311 Spencer Street.

Consequently, the aggregate leverage of Keppel REIT was lowered to 36.3% as at 31 December 2018, compared to 38.7% as at 31 December 2017, allowing more debt headroom for further growth.

Keppel REIT actively seeks refinancing at competitive costs and continues to maintain low refinancing obligations.

The Manager has received commitments from banks to refinance certain loans due

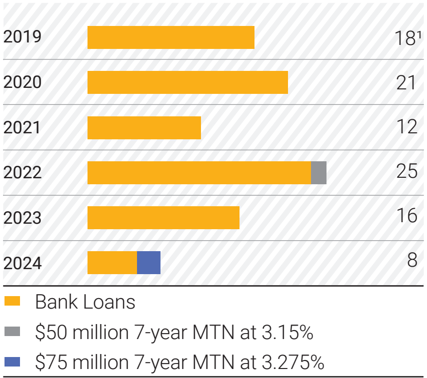
Income Contribution by Asset by Quarter ($'000)



	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Ocean Financial Centre[1]	**21,501**	**33,273**	**18,757**	**21,187**	22,181	22,466	21,432	25,566
One-third interests in BFCDLLP and CBDPL[2]	**21,074**	**20,320**	**19,970**	**19,644**	24,336	23,803	23,679	23,137
One-third interest in ORQPL[3]	**6,928**	**6,578**	**5,763**	**5,524**	8,917	6,809	6,599	6,490
Bugis Junction Towers	**3,735**	**4,224**	**3,992**	**4,194**	3,392	3,727	3,778	4,214
8 Chifley Square Interest	**3,233**	**3,274**	**3,265**	**3,247**	3,335	3,216	3,346	3,374
8 Exhibition Street Interest	**3,162**	**2,726**	**2,832**	**2,437**	2,690	2,853	3,283	2,688
275 George Street Interest	**2,822**	**2,983**	**2,623**	**2,707**	4,097	3,753	3,831	3,774
David Malcolm Justice Centre Interest	**3,431**	**3,230**	**3,236**	**3,272**	3,543	3,130	3,287	3,334
Total	**65,886**	**76,608**	**60,438**	**62,212**	72,491	69,757	69,235	72,577

[1] Comprised net property income. For FY 2017, this also comprised rental support.
[2] Comprised interest income, distribution/dividend income and rental support for CBDPL.
[3] Comprised interest income and dividend income.

Debt Maturity Profile (%)



[1] This takes into account commitments received to refinance certain loans due in 2019.

Valuation of Properties

	2018 $ million	2017 $ million	Change %
Ocean Financial Centre Interest	**2,099.0**	2,623.0	(20.0)
One-third interest in MBFC Towers 1 and 2, as well as Marina Bay Link Mall	**1,695.3**	1,693.0	0.1
One-third interest in MBFC Tower 3	**1,297.0**	1,300.3	(0.3)
One-third interest in One Raffles Quay	**1,275.6**	1,273.0	0.2
Bugis Junction Towers	**515.0**	525.0	(1.9)
8 Chifley Square Interest	**249.3**[1]	247.4[3]	0.8
8 Exhibition Street Interest	**271.9**[1]	256.0[3]	6.2
275 George Street Interest	**232.2**[1]	219.3[3]	5.9
David Malcolm Justice Centre Interest	**221.6**[1]	216.8[3]	2.2
311 Spencer Street Interest	**233.8**[1,2]	148.9[2,3]	57.0
Total	**8,090.7**	8,502.7	(4.8)

[1] Based on the exchange rate of A$1 = S$1.0071 as at 31 December 2018.
[2] Valuation on an "as is" basis as at 31 December 2018 and 31 December 2017.
[3] Based on the exchange rate of A$1 = S$1.02 as at 31 December 2017.

in 2019. The remaining amount due in 2019 relates to an associate's bank loan with the intent to refinance in early 2019. The weighted average term to maturity of Keppel REIT's borrowings was 2.8 years[1] as at 31 December 2018.

For FY 2018, Keppel REIT recorded an all-in interest rate of 2.81% per annum and interest coverage ratio of 3.9 times. As at 31 December 2018, 85% of Keppel REIT's total borrowings[2] were at fixed rates to safeguard against interest rate volatility.

The Manager will continue to assess its capital structure to maintain it at an optimal level for Keppel REIT.

Cash Flows and Liquidity

As at 31 December 2018, Keppel REIT's cash and bank balances (including rental support received in advance held in designated accounts which amounted to $3.1 million) stood at $258.9 million, as compared with $198.2 million (including rental support received in advance held in designated accounts which amounted to $11.7 million) as at 31 December 2017. The increase was driven partly by the proceeds received in December 2018 from the divestment of the 20% stake in OPLLP.

Net cash flows provided by operating activities for FY 2018 were $117.1 million, a decrease of $2.9 million from the operating cash flows of $120.0 million in FY 2017. The lower operating cash flows were attributable mainly to lower income contribution from Ocean Financial Centre (excluding one-off income), 275 George Street Interest and 8 Exhibition Street Interest. This was offset partly by higher one-off income, higher income contribution from Bugis Junction Towers, as well as lower income taxes paid.

[1] This takes into account commitments received to refinance certain loans due in 2019.
[2] Included Keppel REIT's proportionate share of external borrowings carried at ORQPL and CBDPL.

Income contribution from Bugis Junction Towers improved year-on-year.

Financial Review

Net cash flows provided by investing activities for FY 2018 were $479.7 million. This comprised mainly proceeds from the divestment of the 20% stake in OPLLP of $439.3 million, dividend and distribution income received from associates of $74.0 million, distribution income received from joint ventures of $26.2 million, interest income received of $25.1 million and rental support received of $8.6 million. This was offset partly by progress payments made on 311 Spencer Street of $81.3 million, and subsequent expenditure on investment properties of $9.4 million.

Net cash flows used in financing activities were $526.6 million. This included mainly repayment of loans of $1,018.5 million, distribution payments to Unitholders of $181.4 million, payments of interest expense of $68.2 million, and purchase and subsequent cancellation of treasury units of $32.8 million. This was offset partly by drawdown of loans of $783.9 million.

Accounting Policies

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

Keppel REIT adopted SFRS(I) on 1 January 2018 and as a result, Keppel REIT's financial statements for the financial year ended 31 December 2018 have been prepared in accordance with SFRS(I).

Sensitivity Analysis

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

In respect of interest rates applicable to interest-earning financial assets and interest-bearing financial liabilities, a 10 basis-point increase or decrease in the interest rates will cause a corresponding decrease or increase of $0.02 million in Keppel REIT's profit before tax. The interest-bearing financial liabilities refer specifically to floating rate borrowings that are not hedged.

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

Keppel REIT's profit before tax will increase or decrease by $2.4 million if the AUD appreciates or depreciates by 5% against the Singapore dollar (SGD).

Key Statistics

	2018	2017
Aggregate leverage[1]	**36.3%**	38.7%
Interest coverage ratio	**3.9 times**	4.3 times
Percentage of assets unencumbered	**83%**	84%
All-in interest rate per annum[2]	**2.81%**	2.62%
Weighted average term to maturity	**2.8 years[3]**	3.4 years

1 Computed based on ratio of gross borrowings to value of deposited properties, as stipulated in the Property Funds Appendix to the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore. Gross borrowings included Keppel REIT's share of deferred payments in relation to the development of the Ocean Financial Centre carpark and retail podium, Marina Bay Financial Centre Towers 1 and 2, and the subterranean mall, Marina Bay Link Mall, as well as Keppel REIT's proportionate share of external borrowings carried at ORQPL and CBDPL.

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

3 This takes into account commitments received to refinance certain loans due in 2019.

Change in Profit Before Tax ($'000)

Resulting from:	
0.1% increase in interest rate	(19)
0.1% decrease in interest rate	19
5% appreciation of AUD against SGD	2,408
5% depreciation of AUD against SGD	(2,408)

Sustainability Framework

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

Sustaining Growth

We integrate sustainability principles in our business strategies and operations, and regard sustainable development both as a corporate responsibility and a source of business opportunities.

We are focused on strong corporate governance, prudent risk management and resource efficiency.

For more information, **go to: pages 55 to 58**

Empowering Lives

People are the cornerstone of our business.

We are committed to grow and nurture our talent pool through training and development to help our people reach their full potential.

With safety as one of our core values, we are committed to providing a safe and healthy workplace for all our stakeholders.

For more information, **go to: pages 59 to 62**

Nurturing Communities

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

We engage and nurture communities wherever we operate, with the goal of shaping a sustainable future together.

For more information, **go to: pages 63 to 64**

Letter to Stakeholders

GRI 102-14

Sustainability is key to Keppel REIT's strategy and the Manager continues to take proactive steps to improve its environmental, social and governance performance.

Dear Stakeholders,

It is my pleasure to present Keppel REIT's sustainability report, which is prepared in accordance with the Global Reporting Initiative (GRI) Standards.

Sustainability is key to Keppel REIT's strategy and the safeguarding of long-term value for Unitholders. The Manager continues to take proactive steps to drive sustainability. Our sustainability framework articulates our commitment to deliver value to our stakeholders. This includes enhancing the efficiency of its buildings, upholding best practices in corporate governance, improving tenant engagement efforts and nurturing communities.

Advances in Sustainability

Over the course of the year, we made progress in our sustainability journey. At the same time, we continued to strengthen our environmental, social and governance (ESG) efforts and have taken steps to further integrate ESG aspects into our business practices. We have also streamlined our ESG targets for a more focused and effective sustainability reporting approach.

The Manager formed Keppel REIT's Sustainability Committee in 2017. Over the past year, the Committee continued to oversee ESG initiatives across the organisation. The Committee comprises representatives across all functions including asset management, investment, finance, human resources, investor relations as well as risk and compliance. Together, we implement and monitor ESG practices across Keppel REIT's properties.

Improving Environmental Performance

We continued to step up our efforts to minimise the environmental impact of our buildings.

I am pleased to report that the green features and energy-saving initiatives implemented throughout our property portfolio reduced our energy usage intensity in 2018 by 5.8%, as compared to 2017. This is a marked improvement and is encouraging as we work towards continually improving our environmental performance. We also managed to lower our greenhouse gas emission intensity to 0.057 tCO_2e/m^2, which is a 0.5% reduction from 2017's level.

Keppel REIT is the only Singapore office REIT that has all its Singapore assets certified Platinum under the Building and Construction Authority's (BCA) Green Mark Scheme. In addition, Ocean Financial Centre and Marina Bay Financial Centre Tower 3 have both been conferred the BCA Green Mark Pearl Award for the commitment of the building owners and their tenants in improving the properties' environmental performance.

In Australia, most of our operational buildings have achieved the 5 Stars National Australian Built Environment Rating System (NABERS) Energy rating. David Malcolm Justice Centre, which is the first building in Perth to attain the Green Building Council of Australia's 6 Star Green Star Performance rating, also attained the MizCo Western Australia Commercial Property of the Year Award (over 20,000 m^2 category) and the Environmentally Sustainable Design & Sustainability Award (Premium/A Grade category) by the Property Council of Australia.

Nurturing Talents and Caring for Communities

We believe that a motivated and competent workforce is integral to the success of our business. Employees are provided training opportunities to develop them to their fullest potential. In 2018, the average training hours per full-time employee was 22.1 hours.

We also strive to engage with and contribute to local communities. In 2018, together with Keppel Capital, we dedicated over 1,200 hours to community outreach activities. This included organising activities for beneficiaries from the Muscular Dystrophy Association (Singapore) (MDAS), the adopted charity of Keppel Capital, as well as Fei Yue Family Service Centre.

In addition, the Manager, together with Keppel Land and supported by the Singapore Green Building Council, organised the public screening of "A Plastic Ocean", at the Singapore Botanic Gardens in April 2018. The award-winning documentary highlights the causes and consequences of plastic pollution to the oceans.

Shaping a Better Tomorrow

We are encouraged that our ongoing efforts to raising ESG standards have been recognised.

Keppel REIT remains part of two key iEdge SG ESG Indices (formerly Singapore Exchange ESG Indices) – the iEdge SG ESG Transparency Index and the iEdge SG ESG Leaders Index. It emerged fourth in the REITs and Business Trusts category of the Singapore Governance and Transparency Index 2018, and maintained its Green Star Status at the Global Real Estate Sustainability Benchmark 2018.

These accomplishments were only made possible through the collaborative participation and continued support of our stakeholders, including Unitholders, tenants, employees, business partners, as well as the wider community. We look forward to continue working closely with our stakeholders as we shape a sustainable future together.

Yours sincerely,

Paul Tham
Chief Executive Officer
20 February 2019

About this Report

Keppel REIT Management Limited, the Manager of Keppel REIT, reaffirms its commitment to sustainability with the publication of this sustainability report 2018 (the Report).

The Report articulates the Manager's strategy towards managing material environmental, social and governance (ESG) issues, which were identified through continual engagement with key stakeholder groups. The Manager's sustainability strategy is designed to address ESG issues that have the potential to affect the REIT's business and its stakeholders, as well as to uphold the principles of corporate social responsibility.

As part of the Board's strategic oversight, and having considered input from the management team and its engagement with key stakeholders, the Manager has further reviewed and streamlined the material ESG issues and goals for a more targeted action and reporting approach. The Board will review and monitor these ESG issues periodically.

Global Reporting Initiative Standards
GRI 102-54

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

The scope and content of the Report reflect the Manager's overall sustainability strategy, which was carefully developed in alignment with the GRI's Reporting Principles for defining report content of Materiality, Stakeholder Inclusiveness, Sustainability Context and Completeness. These principles were integrated into the stakeholder engagement and materiality assessment processes which are further detailed in the sections on Managing Sustainability and Materiality Assessment. The GRI Content Index on pages 65 to 68 contains the list of GRI references used in the Report.

Reporting Period and Scope
GRI 102-46 | 102-50 | 102-51 | 102-52 | 102-53

This is Keppel REIT's tenth sustainability report. The 2017 sustainability report was published in March 2018.

This Report is based on the financial year from 1 January to 31 December 2018 and outlines topics which were determined to be the most relevant to Keppel REIT's business and its key stakeholders through a comprehensive materiality assessment.

The Report also details the Manager's sustainability approach and performance as it seeks to further integrate ESG aspects into its business practices, as well as across the REIT's properties in Singapore and Australia. Efforts include ensuring high standards in building management and customer service, implementing sustainable design features, upholding best practices in governance, adopting a dynamic risk management framework, as well as maintaining continual engagement with key stakeholders.

The environmental performance metrics disclosed in this Report are based on Keppel REIT's 100% ownership of Bugis Junction Towers and its attributable interests in Ocean Financial Centre (79.9%[1]), Marina Bay Financial Centre (33.3%), One Raffles Quay (33.3%) and the four operating properties in Australia (50% each). The scope excludes the office tower under development at 311 Spencer Street in Melbourne. The environmental data was annualised based on 11 months of data for 2018, as the full year data was not yet available at the time of publication of the Report.

1 Keppel REIT's attributable interest of Ocean Financial Centre was reduced from 99.9% to 79.9% following the divestment of a 20% stake in the property on 11 December 2018. As environmental data was collected over an 11-month period (1 January 2018 to 30 November 2018) and annualised, the performance metrics for Ocean Financial Centre were calculated based on Keppel REIT's 99.9% attributable interest for that period.

Contact for feedback: investor.relations@keppelreit.com

Sustainable business practices are adopted in the management of Keppel REIT's properties.

Photo credit: ST Press

Managing Sustainability

GRI 102-47 | 103-1 | 103-2 | 201-4

Keppel REIT's sustainability management strategy is aligned with the Manager's goal of creating long-term value for its stakeholders. The Manager integrates sustainability into its business and property management practices. It is also committed to minimise the environmental impact of its buildings and contribute positively to the community.

The Manager's approach towards sustainability is guided by the key principles of transparency, environmental stewardship, good corporate governance and protection of long-term value for its Unitholders.

The incorporation of sustainability management principles into Keppel REIT's business operations is coordinated by the Manager's Sustainability Committee, which comprises representatives from various functions including asset management, investment, finance, human resources, investor relations, as well as risk and compliance. The Sustainability Committee also communicates Keppel REIT's sustainability progress to the Board of Directors (Board) and management.

Keppel REIT has a robust risk management framework in place which is designed to identify and mitigate key business risks, including those related to environmental, social and governance (ESG) issues. Keppel REIT's economic performance can be found in the Financial Review section (pages 41 to 48) of this Annual Report.

In 2018, the REIT did not receive any grants from the Singapore and Australian governments.

As part of the Keppel Group, the Manager adopts and adheres to the Group's policies to guide its decision-making process on significant ESG issues. These policies include the Keppel Group Employee Code of Conduct, Anti-Bribery and Corruption Statement, Corporate Statement on Human Rights, Whistle-Blower Policy, Insider Trading Policy, Competition Law Manual, Conflict of Interests Policy and other relevant policies. All new employees are briefed on these key policies upon onboarding and orientation, while all employees undergo refresher courses through annual online training and declarations. The Manager ensures that policies are updated as necessary and communicated to all relevant parties.

The Manager also promotes good environmental stewardship, as well as best practices in health and safety in its supply chain. Details on such policies can be found in the Supply Chain Management section on page 56.

To evaluate the effectiveness of its tenant engagement practices, tenant satisfaction surveys are conducted and key findings from the results are used to guide continuous improvement. The surveys, which are conducted online as well as through face-to-face interviews, gauge satisfaction in several key areas. In 2018, survey results indicated high levels of tenant satisfaction for the properties in Singapore and Australia.

The Manager adheres to all relevant laws and regulations including those by the Singapore Exchange (SGX) and the Monetary Authority of Singapore (MAS). It also carries out its operations in accordance with internationally-recognised standards such as the ISO 14001:2015 standard for environmental management and the OHSAS 18001 standard for occupational health and safety management. There were no known violations of any laws or regulations in 2018.

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

The Manager is also committed to nurturing a culture of safety and improving the well-being of tenants and employees.

The Manager adopts a proactive and comprehensive approach towards environmental management and involves its stakeholders in its environmental outreach efforts.

The table below lists the key material ESG issues identified for Keppel REIT, and how they are relevant throughout the life cycle of its properties. It also details the associated targets set by the Manager. This year, the Manager streamlined its material issues and targets into seven segments for a more focused and effective sustainability reporting approach.

Key Material Issues	Target	Value Chain	Boundary	Page No.
Economic Sustainability	Sound risk management coupled with good corporate governance policies and practices to drive long-term sustainable growth and Unitholder value	Acquisition, Asset Management, Divestment	Internal and External	52, 130-156
Product and Service Excellence	To achieve at least the BCA Green Mark Gold[PLUS] Award for all Singapore properties	Acquisition, Asset Management, Divestment	Internal and External	56, 58
Environmental Performance	Using 2010 as the base year, – To reduce energy usage intensity by 30% by 2030 – To reduce GHG emissions intensity by 30% by 2030 – To reduce water usage intensity by 60% by 2030 To manage waste responsibly	Acquisition, Asset Management	Internal	56-58
Safety and Health	To achieve a zero fatality workplace	Acquisition, Asset Management	Internal	56, 61-62
Labour Practices (including employee engagement, training and non-discrimination)	For each employee to attend a minimum of three training sessions per year	Acquisition, Asset Management, Divestment	Internal	59-61
Corporate Governance	To have zero instances of violation of laws and regulations of the countries where we operate To maintain robust risk management system and internal controls To have timely and accurate communication of information to stakeholders	Acquisition, Asset Management, Divestment	Internal and External	52-56, 130-156, 157-158
Community Development and Engagement	To engage and contribute to the local communities so as to mitigate the impact of Keppel REIT's business on the environment	Asset Management, Divestment	External	63-64

Governance Structure

GRI 102-18

The Manager is committed to upholding high standards of corporate governance and transparency. It firmly believes that good governance practices are integral to protecting the long-term interests of Keppel REIT and are critical to the success of the Manager and Keppel REIT.

The Board and management seek to integrate ESG issues into the Manager's business practices.

The Sustainability Committee coordinates the incorporation of these practices, measures and monitors ESG performance, as well as communicates the progress towards sustainability goals to the Board and management.

External Standards and Strategic Memberships

GRI 102-12 |102-13 | CRE8

Keppel REIT aligns its business practices with internationally-recognised industry standards. Where possible, the Manager incorporates best practices in environmental management and seeks to improve the sustainability performance of Keppel REIT's properties. This has led to the achievement of certifications including the Leadership in Energy and Environmental Design (LEED) by the U.S. Green Building Council and the Green Mark Scheme by Singapore's Building and Construction Authority (BCA). Refer to page 58 for the full list of awards.

The incorporation of green features in Keppel REIT's buildings and implementation of energy-saving initiatives by the Manager have contributed to total energy savings of 2,577 MWh in 2018. The initiatives also serve to improve tenants' health, well-being and productivity.

Keppel REIT is among the founding members of the REIT Association of Singapore (REITAS). REITAS members work together to strengthen and promote the Singapore REIT industry through education, research and professional development.

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

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

Materiality Assessment

GRI 102-46 | 102-47 | 103-1

The Manager has identified key material issues and indicators that are relevant to key stakeholders and Keppel REIT's business in a materiality assessment workshop conducted by an independent consultant in 2016. These issues reflect the priorities and concerns of key stakeholders and the potential for Keppel REIT's business to be impacted by these issues.

Commitment to Stakeholders

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

The Manager continuously engages with key stakeholder groups to gather feedback on ESG issues that are relevant to the REIT and its stakeholders. The Manager responds to the concerns of its stakeholders by communicating related performance metrics in sustainability reporting and factoring material ESG issues in its business decisions.

Stakeholder groups were identified based on their ability to affect, or be affected by, Keppel REIT's operations and ESG performance.

Keppel REIT's stakeholder engagement framework is aligned with international standards such as the AccountAbility AA1000 Stakeholder Engagement Standard.

Engagement with Key Stakeholder Groups

The Manager has identified the following groups of key stakeholders and recognises the importance of engaging them to achieve its sustainability goals:

Employees

Key Topics
Developing employees to their fullest potential; enhancing personal and professional growth.

Modes of Engagement
Staff communication and feedback sessions with management; career coaching, performance appraisals and engagement surveys; teambuilding activities; on-demand learning through digital platforms; townhall meetings.

Frequency of Engagement
Ongoing

Tenants

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

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

Frequency of Engagement
Ongoing

Investors

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

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

Frequency of Engagement
Ongoing

Business Partners

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

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

Frequency of Engagement
Ongoing

Regulatory Authorities

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

Modes of Engagement
Official visits and meetings; formal letters.

Frequency of Engagement
Ongoing

Local Communities

Key Topics
Community engagement; sharing industry insights and knowledge.

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

Frequency of Engagement
Ongoing

Sustaining Growth

The Manager will continue to uphold good corporate governance, as well as maintain a robust risk management framework and high standards of environmental protection in its buildings.

Corporate Governance
GRI 102-16

The Manager believes that upholding strong principles of corporate governance is key to sustaining business excellence and delivering long-term value to stakeholders. Majority of the Board are Independent Directors. This ensures that the interests of key stakeholder groups are fairly considered in business decisions. The Manager engages with the investment community through various collaborative platforms and is committed to the timely disclosure of accurate and material information.

The Manager also ensures that its corporate governance policies and practices are aligned with the Code of Corporate Governance (the Code), issued by the Monetary Authority of Singapore. The Code is the basis of Keppel REIT's system of enforcing controls, checks and accountability. The Code also requires that the Manager considers sustainability issues in corporate governance and strategic business decisions.

More information on Keppel REIT's corporate governance guidelines and practices is available on pages 130 to 156.

Risk Management and Business Continuity
GRI 102-11

The Manager adopts a robust and dynamic risk management framework which allows it to manage new challenges presented by the ever-changing business landscape. Hence, the Manager continually reviews and adapts its business operations to mitigate any new potential risks and opportunities in its aim to achieve long-term success. As part of its System of Management Controls, the Manager has in place an Enterprise Risk Management framework, which adopts a comprehensive and dynamic approach to risk management.

More information on Keppel REIT's risk management strategy is available on pages 157 and 158.

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

Anti-corruption is material to the Manager's commitment to integrity and ensuring strong business ethics. The Keppel Group has a policy of zero tolerance towards corruption, bribery, fraud and other forms of unethical behaviour, and is committed to upholding the United Nations Global Compact's Principles (Principle 10: Measures Against Corruption).

The Keppel Group Employee Code of Conduct, which applies to all of the Manager's employees, aims to establish the highest standards of integrity among its staff and reinforce ethical business practices. Anti-corruption is a key aspect of the Keppel Group Employee Code of Conduct, which sets ethical business standards for conflicts of interests, the offering and receiving of gifts, as well as hospitality and promotional expenditures. The policy requires all employees to declare potential conflicts of interest and avoid any conflict between their own interests and the best interests of all relevant stakeholders in dealing with suppliers, customers and other third parties.

The Manager adopts a robust and dynamic risk management framework, which allows it to manage new challenges presented by the ever-changing business landscape.

Sustaining Growth

Measures adopted to prevent corruption and unethical behaviour include:

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

In 2018, all of Keppel's management and employees received communication and training on anti-corruption policies and procedures.

There have been no violation or non-compliance of any anti-corruption and anti-bribery policies in 2018.

Supply Chain Management

GRI 102-9

The Manager also adheres to the Keppel Group Supplier Code of Conduct, which was implemented in end 2016 to integrate Keppel's sustainability principles across its supply chain. The Keppel Group Supplier Code of Conduct outlines standards regarding environmental management, business conduct, labour, as well as health and safety practices of its suppliers. All suppliers engaged by the Manager to provide products and services valued at $200,000 or more per contract or over cumulative purchase orders in the prior calendar year are expected to abide by the Keppel Group Supplier Code of Conduct.

The Manager seeks to promote good environmental stewardship as well as best practices in health and safety in its supply chain. This includes service providers and suppliers such as building consultants, electricity retailers, building material suppliers and contractors in the fields of maintenance and repair, landscaping, horticulture, cleaning, pest control, waste disposal and recycling.

Such practices include working with service providers and suppliers that are ISO 14001- and bizSAFE-certified, as well as collaborating with tenants to implement environmental, social and governance (ESG) initiatives.

Environmental Management

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

The Manager adopts a proactive and comprehensive approach towards environmental management. As part of its approach, the Manager focuses its efforts on minimising impacts such as greenhouse gas (GHG) emissions and waste generation while maximising resource efficiency.

The Manager has in place a framework of systems for performance assessment. In managing Keppel REIT's property portfolio, the Manager aligns itself with globally-recognised standards such as the International Organisation for Standardisation's ISO 14001:2015. The Manager also reviews all relevant legal and voluntary ESG-related policies regularly. All staff are encouraged to report any instances of non-compliance with environmental laws or regulations.

The Manager seeks to inculcate a sense of environmental responsibility among its stakeholders, including tenants.

The effectiveness of the Manager's ESG management approach is evaluated against its progress towards achieving its sustainability targets. The Manager is responsible for developing the strategy to achieve its ESG targets. The strategy is endorsed by the Board and the results are monitored by the Sustainability Committee. Where relevant, measures are implemented to ensure continual improvement.

Environmental Targets

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

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

Keppel REIT is on track to achieving these reduction targets by 2030 through the implementation of energy and water conservation initiatives, the adoption of sustainable building management practices, as well as the incorporation of technology and innovations to optimise resource consumption and reduce GHG emissions at its properties. The Manager is also committed to manage waste responsibly.

Energy Consumption[1]

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

The Manager recognises the importance of managing its building operations in a sustainable manner. Hence, energy consumption is listed as one of its key material ESG issues.

Energy savings are achieved through sustainable building design, the adoption of modern technology and best practices in building management. Examples of sustainability initiatives at Marina Bay Financial Centre and One Raffles Quay include:

1. Implementation of energy monitoring systems;
2. Replacement of exterior lighting fixtures with energy-efficient and sensor-controlled light-emitting diode (LED) lighting;
3. Upgrading of common areas and back-of-house lighting to energy-efficient LED bulbs; and
4. Continuous improvements to the heating, ventilating and air-conditioning systems to optimise energy performance and improve occupant comfort.

In 2018, total energy consumption, which comprises electricity, district cooling, direct cooling and heating at Keppel REIT's

[1] The environmental data was annualised from 11 months of data for 2018, as full year data was not available at the time of publication of this report.

Ocean Financial Centre's eco-features include rooftop solar panels which enhance the building's performance in environmental sustainability.

properties, was approximately 41,922 MWh (151 GJ). Calculations were based on a detailed assessment of invoices. Fuel and chilled water consumption values were converted using standard conversion factors. Building energy usage intensity, or energy consumption divided by gross floor area, was around 0.114 MWh/m² in 2018, a 5.8% reduction from 2017's level.

GHG Emissions[a]

GRI 103-2 | 305-1 | 305-2 | 305-4 | 305-5

The Manager is committed to reducing its GHG emissions. In 2018, Keppel REIT further reduced its GHG emissions through the implementation of eco-initiatives at its properties.

Gases included in the calculation are carbon dioxide (CO_2), methane (CH_4) and nitrous oxide (N_2O), with totals expressed in units of tonnes of carbon dioxide equivalent (tCO_2e). GHG emissions were calculated based on Greenhouse Gas Protocol Standards.

GHG emissions[b] in 2018 totalled about 20,720 tCO_2e. Of this, 1,665 tCO_2e were Scope 1[c] emissions, while 19,055 tCO_2e were Scope 2[c] emissions. 2018's GHG emission intensity (inclusive of Scope 1 and Scope 2 emissions) was 0.057 tCO_2e/m^2 of gross floor area, which represents a reduction of 0.5% from 2017's level.

In addition to implementing measures to enhance energy efficiency where feasible, Keppel REIT also uses renewable energy sources to further reduce GHG emissions. For example, Ocean Financial Centre and Bugis Junction Towers have solar panels, which harvested close to 296,500 kWh of electricity in 2018. This in turn reduced GHG emissions by about 219 tCO_2e[d].

Water Consumption[a]

GRI 103-2 | 303-1 | CRE2

Keppel REIT's assets use municipal water supplies and consumption is measured through direct metering. The Manager continues to strengthen its water conservation efforts through initiatives such as the installation of water-efficient fittings and fixtures, as well as promoting water-saving practices. This includes the implementation of rainwater collection systems for irrigation and floor-cleaning at Ocean Financial Centre and 8 Chifley Square.

Total water consumption for Keppel REIT's properties was about 210,501 m³ in 2018. Water usage intensity, or water use per gross floor area, was about 0.535 m³/m², a slight increase compared to 2017.

Effluents and Waste Management[a]

GRI 103-2 | 306-2

Keppel REIT aims to manage waste at its properties responsibly. Recycling bins and electronic waste collection points are placed at Keppel REIT's properties. In addition, campaigns are conducted regularly to raise environmental awareness and encourage tenants to recycle and reduce waste.

Non-hazardous waste generated amounted to approximately 2,650 tonnes in 2018. No hazardous waste was generated during the reporting period. Waste intensity, or waste generated per gross floor area, was about 0.061 tonne/m² in 2018, which is a reduction of about 18% as compared to 2017.

Intensity

Energy (MWh/m²)

2018	**0.114**
2017[1]	0.121

GHG Emissions (tCO_2e/m^2)

2018	**0.057**
2017[1]	0.058

Water (m³/m²)

2018	**0.535**
2017[1]	0.532

[1] Environmental data for 2017 has been updated with full year data.

[a] The environmental data was annualised from 11 months of data for 2018, as full year data was not available at the time of publication of this report.
[b] Conversion factors for GHG emissions were obtained from the relevant service providers and local authorities, such as the Australian Government's Department of Climate Change and Energy Efficiency.
[c] Scope 1 emissions, also known as direct emissions, are defined as emissions from sources that are owned or controlled by the reporting organisation, or emissions that physically occur in assets owned or controlled by the reporting organisation. Scope 2 emissions, also known as indirect emissions, are emissions from purchased electricity, heat, steam or cooling consumed by the reporting organisation, but generated elsewhere.
[d] 100 kWh of renewable energy harvested is equivalent to 0.074 tonne of carbon dioxide emission.

Environmental Compliance

GRI 103-2 | 307-1

Compliance with environmental laws and regulations is integral to Keppel REIT's long-term interests and performance. The Audit and Risk Committee supports the Board in its oversight of regulatory compliance and helps to implement effective compliance procedures. Environmental regulations are reviewed by the Board on a regular basis and the corresponding business procedures are adapted as necessary.

There were no incidences of non-compliance with environmental laws and regulations in 2018.

Sustainability Awards

	Award	Year
Keppel REIT	Global Real Estate Sustainability Benchmark – Green Star	2018
	Fourth in the REITs and Business Trusts category of Singapore Governance and Transparency Index	2018
Singapore		
Ocean Financial Centre	BCA Green Mark Platinum Award	2019
	Safety and Security Watch Group (SSWG) Outstanding Individual Award	2018
	BCA Green Mark Office Interior – Gold^{PLUS} Award (Management Office)	2016
	PUB Water Efficient Building (Gold)	2015
	SS577 – Water Efficiency Management System (WEMS) Certification	2015
	ASEAN Energy Awards – Large Building	2015
	Skyrise Greenery Award – Excellence Award	2013
	US LEED Platinum Certification – Core and Shell	2009
Marina Bay Financial Centre (Towers 1 and 2)	SSWG Outstanding Individual Award	2018
	BCA Green Mark Platinum Award	2017
	BCA Green Mark Office Interior – Platinum Award (Management Office)	2017
	Safety and Health Award Recognition for Projects (SHARP) Award	2017
	PUB Water Efficient Building (Gold)	2015
	SS577 – WEMS Certification	2015
Marina Bay Financial Centre (Tower 3)	BCA Green Mark Platinum Award	2019
	SSWG Outstanding Individual Award	2018
	SHARP Award	2018
	BCA Green Mark Pearl Award	2015
	PUB Water Efficient Building (Gold)	2015
	SS577 – WEMS Certification	2015
One Raffles Quay	SSWG Outstanding Individual Award	2018
	SHARP Award	2018
	BCA Green Mark Platinum Award	2016
	SS577 – WEMS Certification	2015
	PUB Water Efficient Building (Silver)	2014
Bugis Junction Towers	SSWG Outstanding Individual Award	2018
	NFEC Fire Safety Award	2018
	BCA Green Mark Platinum Award	2017
	BCA Green Mark Office Interior – Gold^{PLUS} Award (Management Office)	2016
	ASEAN Energy Awards	2016
	PUB Water Efficient Building (Silver)	2015
Australia		
8 Chifley Square, Sydney	5 Stars NABERS Energy rating	2018
	GBCA 6 Star Green Star – Office As Built v2	2015
	GBCA 6 Star Green Star – Office Design v2	2012
8 Exhibition Street, Melbourne	4.5 Stars NABERS Energy rating	2018
275 George Street, Brisbane	5 Stars NABERS Energy rating	2018
	GBCA 3 Star Green Star – Performance v1.1	2017
	GBCA 5 Star Green Star – Office As Built v2	2010
	GBCA 5 Star Green Star – Office Design v2	2008
David Malcolm Justice Centre, Perth	5 Stars NABERS Energy rating	2018
	GBCA 6 Star Green Star – Performance v1.2	2018
	GBCA 5 Star Green Star – Office As Built v3	2017
	GBCA 5 Star Green Star – Office Design v3	2013

Empowering Lives

103-1 | 103-2 | 103-3

The Manager is committed to nurturing and developing its talent pool to drive further growth for Keppel REIT. It also strives to create a safe working environment for its employees.

The Manager recognises that people are its greatest asset and strives to nurture and cultivate a motivated, engaged and competent workforce. It encourages its employees to be collaborative and innovative. At the same time, the Manager aims to develop its staff to their fullest potential. This is accomplished through a three-pronged strategy which focuses on career development, employee well-being and engagement.

Profile of Employees

GRI 102-7 | 102-8 | 401-1 | 405-1

Following the reorganisation of Keppel Capital's workforce in 2017, centralised functions were formed to support the Manager and other entities under Keppel Capital. This widened access to Group-level resources, as well as learning and career development opportunities. Keppel Capital's centralised functions support the Manager in several business aspects such as asset management, investment, finance, human resources, research, investor relations as well as risk and compliance.

As of end 2018, Keppel Capital has a total headcount of almost 200. The Manager's workforce comprised five full-time permanent employees (three females and two males). All of the Manager's employees were hired locally[1] and operate mainly out of the Singapore headquarters[2]. More information on the Manager's Board of Directors and management team are available on pages 12 to 15.

In 2018, two female employees between the ages of 30 and 50 years old were added to the team via internal transfer. There were two employees who were transferred out to other Keppel units and four resignations during the year. The six employees who left the Manager comprised four females and two males; one under 30 years old, and five between the ages of 30 and 50 years old.

Commitment to Diversity and Inclusion

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

The Manager embraces workforce diversity and believes in promoting an inclusive and harmonious workplace. It also does not tolerate discrimination on any basis.

Recruitment practices are based on merit with an emphasis on inclusiveness. New hires are selected based on individual competencies and skillsets that complement specific vacancies. The Manager's hiring policies ensure that equal opportunities are available for all applicants regardless of race, gender, religion, marital status or age. As at end 2018, the workforce comprised 60% female employees and 40% male employees.

1 Defined as within Singapore.
2 The Singapore headquarters is the only "significant location".

The Manager organises various activities to promote employee engagement and forge closer ties among staff.

Empowering Lives

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

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

The Keppel Group Employee Code of Conduct further supports all human rights and anti-discrimination, as well as includes related rules of conduct that apply to all employees. Keppel Group and the Manager take a united stance to uphold human rights, as well as promote diversity and inclusion. This is articulated in the Corporate Statement on Human Rights, as well as the Keppel Group Statement on Diversity and Inclusion, both of which are available on Keppel Corporation's corporate website.

In 2018, there was no incident of discrimination raised by the Manager's employees. No employees are currently covered under any collective bargaining agreements.

Provision of Benefits

The Manager offers its employees competitive and sustainable compensation supplemented with a broad range of benefits. These include health insurance plans, medical and annual leave entitlements, as well as contributions to employees' Central Provident Fund.

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

Regular drills are conducted at Keppel REIT's properties to ensure crisis-preparedness among tenants and staff.

Performance Management

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

The Manager's strategy to incentivise its employees towards a culture of high-performance is based on a pay-for-performance philosophy. The Manager believes that this approach motivates and drives employees to achieve individual and collective goals, thereby creating long-term value for all key stakeholders.

The Manager has in place a robust performance management framework comprising regular performance reviews and platforms for two-way communication. This helps the Manager to better plan the career development of its employees. In 2018, all of the Manager's employees received performance and career development reviews. Employees and their supervisors discuss performance goals and targets based on the four key areas of financial, process, customers and stakeholders, as well as people. Opportunities are granted based entirely on merit and employee potential is optimised with prospects of advancement, training, promotion, recognition of achievements and compensation.

Succession Planning and Talent Management

Succession planning and talent management are key building blocks for business continuity and sustainable growth.

The talent management framework is designed to build and develop the Manager's bench strength. The Manager reviews the process at least twice a year to ensure that high-potential employees are identified and prepared to take on greater leadership responsibilities within the organisation. The Board is updated yearly on the Manager's succession plans.

The Manager can also tap on the Keppel Group's centralised corporate-level talent management unit, which drives leadership and executive development programmes as well as coordinate talent management information across all business units. This provides the Manager with access to consistent data to support human resources decisions.

Centralised platforms, such as the Keppel Young Leaders programme, help to identify and develop high-potential employees across all business units. Keppel Young Leaders are engaged through various symposiums, case studies and strategic reviews designed to prepare them for elevated responsibilities. These programmes are supplemented with networking opportunities designed to transfer knowledge and promote communication between business units.

The Manager's Singapore headquarters features open spaces which promote collaboration among its employees.

The Keppel Young Leaders Programme also allows candidates to engage with senior management.

Launched in 2015, the Keppel Leadership Institute exemplifies the Group's commitment to develop future leaders and equip them with capabilities to drive and support the growth of Keppel's businesses.

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

The Manager believes that continuous career training is integral to personal development of its employees, as well as overall business success. At Keppel REIT, employees are provided training and development opportunities designed to develop their skills and keep abreast of industry trends. In 2018, the average training hours per full-time employee was 22.1 hours.

To optimise results, the Manager customises learning and development programmes to cater to specific business needs, as well as different career stages of each employee.

Employee Engagement

Employee engagement is a key component of the Manager's strategy to motivate employees and understand their needs and concerns. This process involves two-way feedback and communication between management and employees. Staff of the Manager participated in the Keppel Group 2018 Employee Engagement Survey. The Survey was administered by an external consultant and measures the engagement levels of all Group employees. The Manager reviews the results and implements the necessary employee engagement measures and initiatives.

Health and Wellness
GRI 103-1 | 103-2

The Manager believes that employees' wellness translates to increased productivity for the organisation.

The Keppel Games, an annual Keppel Group-wide sporting competition, promotes a healthy lifestyle and fosters strong teamwork among employees of various business units.

The Manager participated in Keppel Capital's three-day staff retreat in Batam, Indonesia, in end July 2018. The retreat brought together nearly 200 employees from different business units.

Various activities are organised throughout the year, such as festive celebrations, durian parties, as well as corporate social responsibility events.

To promote wellness, healthy snacks and fruits are provided to all employees regularly. Employees also have access to regular health screenings.

A healthy indoor work environment helps to promote good health, general well-being and increase productivity. To ensure good indoor air quality (IAQ), an IAQ management system has been installed at the Singapore headquarters to measure air quality. The Manager also provides its employees with ergonomic chairs, as well as Green Label-certified office furniture and fittings. The office of its Singapore headquarters is designed to boost productivity and promote collaboration with an open and agile environment featuring purpose-built booths, a bistro-style café, as well as relaxation zones.

Platforms such as the annual Keppel Group Safety Convention encourage sharing of best practices among stakeholders.

Safety Management and Performance
GRI 103-1 | 103-2 | 403-2

Safety is a Keppel core value. The Manager is committed to creating a safe environment for all its stakeholders by cultivating a strong culture of health and safety.

As part of the Keppel Group, the Manager is guided by Keppel's Zero Fatality Strategy, which outlines actionable measures to reduce workplace fatalities to zero through five strategic thrusts, namely, building a high-performance safety culture, adopting a proactive approach to safety management, leveraging technology to mitigate safety risks, harmonising global safety practices and competency, as well as streamlining learning from incidents.

Safety policies and procedures are communicated to employees on a regular basis. All Keppel staff are expected to adhere to these policies and procedures. Employees are also encouraged to be forthcoming in reporting any safety lapses that they come across.

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

Fire and evacuation drills are conducted biannually at all of Keppel REIT's properties in Singapore to ensure that the property manager's site staff and tenants are well-prepared in case of an emergency. At the Australian properties, fire wardens receive emergency training conducted by external accredited trainers at least twice a year. To safeguard business continuity, the Manager carries out a number of scenario drills, such as pandemic and security lockdowns, to simulate emergencies.

Keppel REIT Property Management (the property manager for Ocean Financial Centre and Bugis Junction Towers) and Raffles Quay Asset Management (the property manager for Marina Bay Financial Centre and One Raffles Quay) both attained bizSAFE Partner and bizSAFE Star certifications. This affirms the Manager's ongoing efforts to improve health and safety of its stakeholders.

In 2018, there were zero fatalities as well as zero health and safety incidents across all of Keppel REIT's properties. There were also no instances of non-compliance with health and safety regulations by the Manager or the property managers.

Stakeholder Engagement

The Manager believes that through regular stakeholder engagement, all health and safety incidents can be avoided. Employees, staff of the property managers, contractors and partners are engaged through various platforms for learning and sharing of experiences and best practices for health and safety management. Such platforms include the annual Keppel Group Safety Convention, regular safety-related publications and an e-safety portal.

To further raise awareness among stakeholders, posters highlighting safe work practices can be found throughout Keppel REIT's properties and offices.

Keppel REIT's strong culture of health and safety is based on the belief that safety is a personal as well as collective responsibility. Employees receive updates on company safety policies, action plans and incident-reporting procedures regularly.

Nurturing Communities

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

The Manager is committed to creating a positive impact on the community.

As a responsible corporate citizen, the Manager is committed to support initiatives that create a lasting positive impact on the community. It organises regular events and implements initiatives that encourage employee volunteerism and promote tenant engagement.

The Manager also supports events that promote the growth and sustainability of the Singapore REIT and real estate industries.

In line with its commitment to minimise the environmental footprint of its properties and to promote sustainability, the Manager regularly organises and participates in environmental initiatives and outreach activities to inculcate a green mindset among its stakeholders.

Engaging Tenants

In 2018, the Manager organised various tenant engagement activities including workshops, as well as fitness and corporate social responsibility events.

To heighten the community's awareness of important topics such as diabetes and workplace safety, various roadshows and exhibitions were also held at lobbies of Keppel REIT's properties.

The Manager also organises annual events including the Keppel REIT and Ocean Financial Centre Golf Tournament.

Other activities organised during the year include a flower arrangement workshop, through which tenants learnt bouquet design techniques.

Caring for the Environment

As part of the Singapore World Water Day, roadshows were held at Ocean Financial Centre and Bugis Junction Towers to advocate water conservation.

The Manager also supported Earth Hour 2018, an annual initiative by the World Wide Fund for Nature aimed at raising awareness of energy consumption and advocating energy conservation. To support the initiative, a roadshow was held at the atrium of Marina Bay Link Mall. In March 2018, all of Keppel REIT's properties in Singapore and Australia commemorated Earth Hour by switching off non-essential lighting for an hour.

The Manager, together with Keppel Land and supported by the Singapore Green Building Council, organised the public screening of "A Plastic Ocean" at the Singapore Botanic Gardens in April 2018. The award-winning

The Manager organised activities, including a trip to The Maritime Experiential Museum, for the beneficiaries of the Muscular Dystrophy Association (Singapore).

Nurturing Communities

The Manager seeks to uplift the lives of the less privileged through community outreach activities including packing and distribution of household supplies.

documentary highlights the causes and consequences of plastic pollution to the oceans. That evening, close to 1,000 members of the public pledged their commitment to combat climate change.

Staff and tenants of the Manager participated in the annual Ricoh Eco Action Day tree planting event in October 2018, during which over 300 saplings were planted. Each sapling planted represented a corporate pledge for eco action.

Uplifting the Less Privileged
In 2018, together with Keppel Capital, the Manager dedicated over 1,200 hours to community outreach activities.

During the year, the Manager, together with Keppel Capital, organised activities for beneficiaries from the Muscular Dystrophy Association (Singapore) (MDAS), the adopted charity of Keppel Capital. These included prawn catching and art jamming sessions, as well as history lessons at The Maritime Experiential Museum. MDAS is an organisation that seeks to uplift the lives of people with muscular dystrophy.

In August 2018, staff of the Manager also packed and distributed household cleaning kits and toiletries to elderly beneficiaries of Fei Yue Family Service Centre. Established in 1991, Fei Yue Family Service Centre helps vulnerable and disadvantaged communities.

In December 2018, the Manager, together with Keppel Land, organised the annual Grant-a-Wish donation drive at four of Keppel's commercial buildings, namely, Ocean Financial Centre, Bugis Junction Towers, Keppel Towers and Keppel Bay Tower. Christmas trees with wish tags from the beneficiaries supported by Care Corner Singapore were placed at the lobbies of these buildings. With the support of staff and tenants, the wishes were fulfilled and the gifts were delivered to the beneficiaries.

In support of the Purple Parade 2018, Ocean Financial Centre's façade was lit in purple. The Purple Parade is Singapore's largest movement to support inclusion and celebrate the abilities of persons with special needs.

In 2018, the Manager contributed $150,000 to the Keppel Care Foundation to support the Keppel Group's various philanthropic initiatives. It also contributed $3,000 towards other community-related causes.

GRI Content Index

GRI Standard	Disclosure Number	General Standard Disclosures	Disclosure	Page Reference
		Organizational Profile		
GRI 102: General Disclosures 2016	102-1	Name of the organization	●	3
	102-2	Activities, brands, products, and services	●	3, 24-40
	102-3	Location of headquarters	●	Back cover
	102-4	Location of operations	●	3, 30-31
	102-5	Ownership and legal form	●	3, 10
	102-6	Markets served	●	3, 20-23, 30-31
	102-7	Scale of the organization	●	2-4, 59
	102-8	Information on employees and other workers	●	59
	102-9	Supply chain	●	56
	102-10	Significant changes to organization and its supply chain	●	6-9, 16
	102-11	Precautionary Principle or approach	◑	52, 55, 157-158
	102-12	External initiatives	●	50-53, 58, 60
	102-13	Membership of associations	●	53
		Strategy		
	102-14	Statement from senior decision-maker	●	6-9, 50
		Ethics and Integrity		
	102-16	Values, principles, and norms of behavior	●	Inside Front Cover, 49, 52, 55, 130-156
		Governance		
	102-18	Governance structure	●	10-11, 52-53
		Stakeholder Engagement		
	102-40	List of stakeholder groups	●	54
	102-41	Collective bargaining agreements	●	60
	102-42	Identifying and selecting stakeholders	●	54
	102-43	Approach to stakeholder engagement	●	54
	102-44	Key topics and concerns raised	●	54
		Reporting Practice		
	102-45	Entities included in the consolidated financial statements	●	51, 101-105
	102-46	Defining report content and topic Boundaries	●	51, 53
	102-47	List of material topics	●	53
	102-48	Restatements of information	●	2017 environmental data in SR2017 was annualized. They have been updated to full year figures in this report.
	102-49	Changes in reporting	●	• Material issues and targets streamlined into seven segments for more focused and effective approach. • Indicators added: 302-4 and 305-1. • Indicators removed: 401-3 and 301-1.
	102-50	Reporting period	●	51
	102-51	Date of the most recent report	●	51
	102-52	Reporting cycle	●	51
	102-53	Contact point for questions regarding the report	●	51
	102-54	Claims of reporting in accordance with the GRI Standards	●	51
	102-55	GRI content index	●	65-68
	102-56	External assurance	●	This report has not been externally assured.

Legend ● Fully reported ◑ Partially reported

GRI Content Index

GRI Standard	Disclosure Number	General Standard Disclosures	Disclosure	Page Reference
		Category: Economic		
		Economic Performance		
GRI 201: Economic Performance 2016	103-1	Explanation of the material topic and its Boundary	●	3, 6-9, 53
	103-2	The management approach and its components	●	3-9, 52
	103-3	Evaluation of the management approach	●	6-9, 41-48, 52-53
	201-1	Direct economic value generated and distributed	●	2-5, 41-48, 64
	201-3	Defined benefit plan obligations and other retirement plans	●	All employees are covered by Singapore's mandatory "Central Provident Fund (CPF)" system. Typically 20% and 17% of the salary is contributed by the employee and employer respectively.
	201-4	Financial assistance received from government	●	52
		Anti-Corruption		
GRI 205: Anti-Corruption 2016	103-1	Explanation of the material topic and its Boundary	●	53, 55-56
	103-2	The management approach and its components	●	52-53, 55-56, 141
	103-3	Evaluation of the management approach	●	55-56, 157-158
	205-2	Communication and training about anti-corruption policies and procedures	●	52, 55-56
	205-3	Confirmed incidents of corruption and actions taken	●	No cases of corruption in the reporting period.
		Anti-Competitive Behavior		
GRI 206: Anti-Competitive Behavior 2016	103-1	Explanation of the material topic and its Boundary	◑	53, 55-56
	103-2	The management approach and its components	●	52-53, 55-56
	103-3	Evaluation of the management approach	●	157-158
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	●	No legal cases for anti-competitive or anti-trust behavior in the reporting period.
		Category: Environmental		
		Energy		
GRI 302: Energy 2016	103-1	Explanation of the material topic and its Boundary	●	51, 53, 56-57
	103-2	The management approach and its components	●	52-53, 56-57
	103-3	Evaluation of the management approach	◑	56-57
	302-1	Energy consumption within the organization	●	57
	302-3	Energy intensity	●	57
	302-4	Reduction of energy consumption	●	57
		Water		
GRI 303: Water 2016	103-1	Explanation of the material topic and its Boundary	●	51, 53, 56-57
	103-2	The management approach and its components	●	52-53, 56-57
	103-3	Evaluation of the management approach	◑	56-57
	303-1	Water withdrawal by source	●	57
	CRE2	Building water intensity	●	57
		Emissions		
GRI 305: Emissions 2016	103-1	Explanation of the material topic and its Boundary	●	51, 53, 56-57
	103-2	The management approach and its components	●	52-53, 56-57
	103-3	Evaluation of the management approach	◑	56-57
	305-1	Direct (Scope 1) GHG emissions	●	57
	305-2	Direct (Scope 2) GHG emissions	●	57
	305-4	GHG emissions intensity	●	57
	305-5	Reduction of GHG emissions	●	57

Legend ● Fully reported ◑ Partially reported

GRI Standard	Disclosure Number	General Standard Disclosures	Disclosure	Page Reference
		Waste and Effluents		
GRI 306: Waste and Effluents 2016	103-1	Explanation of the material topic and its Boundary	●	51, 53, 56-57
	103-2	The management approach and its components	●	52-53, 56-57
	103-3	Evaluation of the management approach	◑	56-57
	306-2	Waste by type and disposal method	◑	57
		Environmental Compliance		
GRI 307: Environmental Compliance 2016	103-1	Explanation of the material topic and its Boundary	●	51, 53, 56, 58
	103-2	The management approach and its components	●	52-53, 56, 58
	103-3	Evaluation of the management approach	●	56, 58
	307-1	Non-compliance with environmental laws and regulations	●	58
		Category: Social		
		Employment		
GRI 401: Employment 2016	103-1	Explanation of the material topic and its Boundary	●	53, 59-60
	103-2	The management approach and its components	◑	59-61
	103-3	Evaluation of the management approach	◑	59-61
	401-1	New employee hires and employee turnover	●	59
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operations	●	Not applicable, Keppel REIT has no temporary nor part-time employees.
		Occupational Health and Safety		
GRI 403: Occupational Health and Safety 2016	103-1	Explanation of the material topic and its Boundary	●	53, 61-62
	103-2	The management approach and its components	●	53, 61-62
	103-3	Evaluation of the management approach	●	61-62
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities	◑	62
		Training and Education		
GRI 404: Training and Education 2016	103-1	Explanation of the material topic and its Boundary	●	53, 60-61
	103-2	The management approach and its components	●	53, 60-61
	103-3	Evaluation of the management approach	◑	60-61
	404-1	Average hours of training per year per employee	●	Not meaningful to provide further breakdown of training hours in view of the reorganization of Keppel Capital's workforce.
	404-3	Percentage of employees receiving regular performance and career development reviews	●	60-61
		Diversity and Equal Opportunity		
GRI 405: Diversity and Equal Opportunity 2016	103-1	Explanation of the material topic and its Boundary	●	53, 59-60
	103-2	The management approach and its components	●	53, 59-60
	103-3	Evaluation of the management approach	●	59-60
	405-1	Diversity of governance bodies and employees	◑	12-15, 59-60
		Non-Discrimination		
GRI 406: Non-Discrimination 2016	103-1	Explanation of the material topic and its Boundary	●	53, 59-60
	103-2	The management approach and its components	●	53, 59-60
	103-3	Evaluation of the management approach	●	59-60
	406-1	Incidents of discrimination and corrective actions taken	●	59-60
		Local Communities		
GRI 413: Local Communities 2016	103-1	Explanation of the material topic and its Boundary	●	53, 63-64
	103-2	The management approach and its components	●	53, 63-64
	103-3	Evaluation of the management approach	●	63-64
	413-1	Operations with local community engagement, impact assessments, and development programs	●	Local community engagement is conducted in Singapore, where 85% of Keppel REIT's assets by value are located.
	413-2	Operations with significant actual and potential negative impacts on local communities	●	None of our operations have had negative impacts on local communities in the reporting period.

Legend ● Fully reported ◑ Partially reported

GRI Content Index

GRI Standard	Disclosure Number	General Standard Disclosures	Disclosure	Page Reference
		Customer Health and Safety		
GRI 416: Customer Health and Safety 2016	103-1	Explanation of the material topic and its Boundary	●	53, 61-62
	103-2	The management approach and its components	●	53, 61-62
	103-3	Evaluation of the management approach	●	62
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	●	The Manager is not aware of any violation of laws, regulations and voluntary codes concerning the provision, use, and customer health and safety of its products and services in the reporting period.
		Marketing and Labeling		
GRI 417: Marketing and Labeling 2016	103-1	Explanation of the material topic and its Boundary	◑	52
	103-2	The management approach and its components	●	52
	103-3	Evaluation of the management approach	●	52
	CRE8	Type and number of sustainability certification, rating and labeling schemes for new construction, management, occupation and redevelopment	●	53, 58
	417-3	Incidents of non-compliance concerning marketing communications	●	No incidents of non-compliance with regulations and voluntary codes concerning marketing communications in the reporting period.
		Customer Privacy		
GRI 418: Customer Privacy 2016	103-1	Explanation of the material topic and its Boundary	●	52
	103-2	The management approach and its components	●	52
	103-3	Evaluation of the management approach	●	52
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	●	No substantiated complaints concerning breaches of customer privacy and losses of customer data in the reporting period.

Legend ● Fully reported ◑ Partially reported

Financial Statements

Contents

Report of the Trustee

For the financial year ended 31 December 2018

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

To the best knowledge of the Trustee, the Manager has, in all material respects, managed Keppel REIT and its subsidiaries during the period covered by these financial statements, set out on pages 75 to 128 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

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

Hoi Sau Kheng
Director

Farrah Begum Binte Abdul Salam
Senior Manager

Singapore, 20 February 2019

Statement by the Manager

For the financial year ended 31 December 2018

In the opinion of the Directors of Keppel REIT Management Limited (the "Manager"), the accompanying financial statements set out on pages 75 to 128 comprising the Balance Sheets, Consolidated Statement of Profit or Loss, Consolidated Statement of Comprehensive Income, Distribution Statement, Portfolio Statement, Statements of Movements in Unitholders' Funds, Consolidated Statement of Cash Flows and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial positions of the Group and the Trust as at 31 December 2018, the profit or loss and other comprehensive income, distributable income, movements in Unitholders' funds and cash flows of the Group and the movements in Unitholders' funds of the Trust for the year ended on that date in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") and applicable requirements of the Code on Collective Investment Schemes relating to financial reporting. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust would be able to meet their financial obligations as and when they materialise.

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

Tan Swee Yiow
Director

Singapore, 20 February 2019

Independent Auditor's Report to the Unitholders of Keppel REIT

For the financial year ended 31 December 2018

Our opinion
In our opinion, the accompanying consolidated financial statements of Keppel REIT (the "Trust") and its subsidiaries (the "Group") and the balance sheet and statement of movements in unitholders' funds of the Trust are properly drawn up in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") and applicable requirements of the Code on Collective Investment Schemes relating to financial reporting (the "CIS Code") so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Trust and the consolidated portfolio statement of the Group as at 31 December 2018 and the consolidated financial performance of the Group, the consolidated amount distributable of the Group, the consolidated movements in unitholders' funds of the Group and movements in unitholders' funds of the Trust, and the consolidated cash flows of the Group for the financial year ended on that date.

What we have audited
The financial statements of the Group and Trust comprise:
- the balance sheets of the Group and the Trust as at 31 December 2018;
- the consolidated statement of profit or loss of the Group for the financial year ended 31 December 2018;
- the consolidated statement of comprehensive income of the Group for the financial year ended 31 December 2018;
- the distribution statement of the Group for the financial year then ended;
- the portfolio statement of the Group as at 31 December 2018;
- the statements of movements in unitholders' funds of the Group and the Trust for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

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

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

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

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

Key Audit Matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties	
Refer to *Note 3 (Investment properties)* The Group owns a portfolio of investment properties stated at their fair values based on independent external valuations. Information relating to these investment properties are disclosed in Note 3 to the financial statements. As at 31 December 2018, the carrying value of the Group's investment properties of $3.9 billion accounted for 49.8% of the Group's total assets. The valuation of the investment properties was a key audit matter due to the significant judgement in the key inputs used in the valuation techniques. These key inputs include capitalisation rates and discount rates and are dependent on the nature of each investment property and the prevailing market conditions.	Our audit procedures included the following: • assessed the competence, capabilities and objectivity of the external valuers engaged by the Group; • obtained an understanding of the techniques used by the external valuers in determining the valuations of individual investment properties; • discussed the significant judgements made by the external valuers for the key inputs used in valuation in the valuation techniques; • tested the integrity of information, including underlying lease and financial information provided to the external valuers; and • assessed the reasonableness of the capitalisation rates and discount rates by benchmarking these against those of comparable properties and prior year inputs.

Key Audit Matter	How our audit addressed the Key Audit Matter
The key inputs are disclosed in Note 31(d) to the accompanying financial statements.	We have also assessed the adequacy of disclosures relating to the assumptions, as we consider them as likely to be significant to the users of the financial statements given the estimation uncertainty and sensitivity of the valuations. We found the external valuers to be members of recognised bodies for professional valuers. We also found that the valuation techniques used were appropriate in the context of the Group's investment properties and the critical assumptions used for the key inputs were within the range of market data.

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

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

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

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

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

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

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

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

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

Independent Auditor's Report to the Unitholders of Keppel REIT

For the financial year ended 31 December 2018

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

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

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

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

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

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

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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 20 February 2019

Balance Sheets

As at 31 December 2018

		Group		
	Note	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Non-current assets				
Investment properties	3	**3,879,956**	3,774,870	3,618,097
Investments in associates	5	**2,538,663**	2,527,842	2,525,112
Advances to associates	8	**615,622**	613,122	610,922
Investments in joint ventures	6	**471,691**	465,096	450,284
Fixed assets		**112**	149	190
Intangible asset	9	**2,549**	10,712	22,511
Derivative financial instruments	13	**1,329**	4,190	18,016
		7,509,922	7,395,981	7,245,132
Current assets				
Trade and other receivables	10	**15,056**	8,619	10,662
Prepaid expenses		**343**	333	604
Cash and bank balances	11	**258,924**	198,158	278,682
Derivative financial instruments	13	**206**	1,197	245
		274,529	208,307	290,193
Total assets		**7,784,451**	7,604,288	7,535,325
Current liabilities				
Trade and other payables	12	**64,757**	56,451	51,828
Income received in advance	14	**2,879**	4,209	278
Borrowings (unsecured)	15	**59,943**	425,039	–
Security deposits		**4,933**	3,159	3,545
Derivative financial instruments	13	**230**	1,748	1,483
Provision for taxation		**1,414**	2,259	2,735
		134,156	492,865	59,869
Non-current liabilities				
Income received in advance	14	**–**	11,305	25,152
Borrowings (secured)	15	**245,111**	194,656	348,201
Borrowings (unsecured)	15	**1,980,650**	1,902,486	2,133,553
Derivative financial instruments	13	**11,585**	16,017	7,315
Security deposits		**27,315**	27,675	27,869
Deferred tax liabilities	16	**50,038**	44,026	34,808
		2,314,699	2,196,165	2,576,898
Total liabilities		**2,448,855**	2,689,030	2,636,767
Net assets		**5,335,596**	4,915,258	4,898,558
Represented by:				
Unitholders' funds		**4,757,285**	4,763,424	4,746,717
Perpetual securities	17	**149,701**	149,701	149,701
Non-controlling interests	18	**428,610**	2,133	2,140
		5,335,596	4,915,258	4,898,558
Units in issue ('000)	17	**3,393,399**	3,370,734	3,291,616
Net asset value per Unit ($)		**1.40**	1.41	1.44

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

Balance Sheets

As at 31 December 2018

		Trust		
	Note	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Non-current assets				
Investment properties	3	**515,000**	525,000	540,000
Investments in subsidiaries	4	**1,473,781**	1,837,110	1,837,110
Investments in associates	5	**2,025,135**	2,025,559	2,025,483
Advances to associates	8	**615,622**	613,122	610,922
Amounts owing by subsidiaries	7	**955,086**	877,973	852,650
Fixed assets		**30**	31	31
Intangible asset	9	**2,549**	10,712	20,471
Derivative financial instruments	13	**692**	4,190	16,354
		5,587,895	5,893,697	5,903,021
Current assets				
Trade and other receivables	10	**11,269**	12,120	7,721
Prepaid expenses		**12**	11	11
Cash and bank balances	11	**231,455**	155,823	141,948
Derivative financial instruments	13	**206**	1,175	99
		242,942	169,129	149,779
Total assets		**5,830,837**	6,062,826	6,052,800
Current liabilities				
Trade and other payables	12	**43,457**	34,905	34,640
Income received in advance	14	**2,829**	–	–
Borrowings (unsecured)	15	**59,943**	99,967	–
Security deposits		**1,616**	116	431
Derivative financial instruments	13	**230**	1,134	1,281
Provision for taxation		**1,414**	2,138	2,735
		109,489	138,260	39,087
Non-current liabilities				
Income received in advance	14	**–**	11,305	25,152
Borrowings (secured)	15	**245,111**	194,656	348,201
Borrowings (unsecured)	15	**1,514,722**	1,762,265	1,667,700
Derivative financial instruments	13	**11,333**	14,411	6,287
Security deposits		**4,208**	3,982	2,976
		1,775,374	1,986,619	2,050,316
Total liabilities		**1,884,863**	2,124,879	2,089,403
Net assets		**3,945,974**	3,937,947	3,963,397
Represented by:				
Unitholders' funds		**3,796,273**	3,788,246	3,813,696
Perpetual securities	17	**149,701**	149,701	149,701
		3,945,974	3,937,947	3,963,397
Units in issue ('000)	17	**3,393,399**	3,370,734	3,291,616
Net asset value per Unit ($)		**1.12**	1.12	1.16

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

Consolidated Statement of Profit or Loss

For the financial year ended 31 December 2018

	Note	Group 2018 $'000	Group 2017 $'000
Property income	20	**165,858**	164,516
Property expenses	21	**(32,703)**	(33,316)
Net property income		**133,155**	131,200
Rental support	22	**8,615**	12,825
Share of results of associates	5	**73,720**	83,795
Share of results of joint ventures	6	**30,170**	31,959
Interest income		**25,075**	22,975
Amortisation expense	9	**(8,163)**	(11,799)
Trust expenses	23	**(54,377)**	(56,458)
Borrowing costs	24	**(69,084)**	(65,256)
Net foreign exchange differences		**623**	(2,060)
Net change in fair value of derivative financial instruments		**(8,077)**	(1,598)
Profit before net change in fair value of investment properties		**131,657**	145,583
Net change in fair value of investment properties	25	**33,167**	51,727
Profit before tax		**164,824**	197,310
Income tax expense	26	**(10,236)**	(17,156)
Profit for the year		**154,588**	180,154
Attributable to:			
Unitholders		**146,160**	172,608
Perpetual securities holders		**7,470**	7,470
Non-controlling interests		**958**	76
		154,588	180,154
Basic and diluted earnings per Unit (cents) based on profit for the year	27	**4.30**	5.17
Basic and diluted earnings per Unit (cents) based on profit for the year and excluding net change in fair value of investment properties and related tax expense	27	**3.46**	3.95

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

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2018

	Note	Group 2018 $'000	Group 2017 $'000
Profit for the year		**154,588**	180,154
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges			
- Fair value changes arising during the year	19	**3,670**	(31,761)
- Realised and transferred to profit or loss	19	**6,506**	16,566
Foreign currency translation			
- Exchange difference arising during the year	19	**(11,610)**	(34,808)
Share of other comprehensive income of associates			
- Cash flow hedges	19	**4,462**	214
Other comprehensive income for the year, net of tax		**3,028**	(49,789)
Total comprehensive income for the year		**157,616**	130,365
Attributable to:			
Unitholders		**149,186**	122,823
Perpetual securities holders		**7,470**	7,470
Non-controlling interests		**960**	72
		157,616	130,365

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

Distribution Statement

For the financial year ended 31 December 2018

	Group 2018 $'000	Group 2017 $'000
Income available for distribution to Unitholders at beginning of the year	**48,439**	48,954
Profit before net change in fair value of investment properties	**131,657**	145,583
Profit attributable to perpetual securities holders	**(7,470)**	(7,470)
Profit before net change in fair value of investment property attributable to non-controlling interests	**(882)**	(78)
Net tax and other adjustments (Note A)	**75,976**	69,851
Income tax expense	**(10,236)**	(17,156)
	189,045	190,730
Income available for distribution to Unitholders	**237,484**	239,684
Distribution to Unitholders:		
Distribution of 1.48 cents per Unit for the period from 1/10/2016 to 31/12/2016	**–**	(40,761)
Distribution of 1.45 cents per Unit for the period from 1/1/2017 to 31/3/2017	**–**	(38,061)
Distribution of 1.42 cents per Unit for the period from 1/4/2017 to 30/6/2017	**–**	(38,998)
Distribution of 1.40 cents per Unit for the period from 1/7/2017 to 30/9/2017	**–**	(39,118)
Distribution of 1.43 cents per Unit for the period from 1/10/2017 to 31/12/2017	**(44,325)**	–
Distribution of 1.42 cents per Unit for the period from 1/1/2018 to 31/3/2018	**(42,401)**	–
Distribution of 1.42 cents per Unit for the period from 1/4/2018 to 30/6/2018	**(48,323)**	–
Distribution of 1.36 cents per Unit for the period from 1/7/2018 to 30/9/2018	**(46,340)**	–
	(181,389)	(156,938)
Distribution in relation to the Distribution Reinvestment Plan for the period from 1/10/2016 to 31/12/2016	**–**	(7,954)
Distribution in relation to the Distribution Reinvestment Plan for the period from 1/1/2017 to 31/3/2017	**–**	(10,061)
Distribution in relation to the Distribution Reinvestment Plan for the period from 1/4/2017 to 30/6/2017	**–**	(8,408)
Distribution in relation to the Distribution Reinvestment Plan for the period from 1/7/2017 to 30/9/2017	**–**	(7,884)
Distribution in relation to the Distribution Reinvestment Plan for the period from 1/10/2017 to 31/12/2017	**(3,876)**	–
Distribution in relation to the Distribution Reinvestment Plan for the period from 1/1/2018 to 31/3/2018	**(5,831)**	–
	(9,707)	(34,307)
Total Unitholders' distribution (including capital return) (Note B)	**(191,096)**	(191,245)
Income available for distribution to Unitholders at end of the year	**46,388**	48,439
Note A – Net tax and other adjustments comprise:		
- Manager's management fees paid and payable in Units	**51,263**	50,989
- Trustee's fees	**1,278**	1,263
- Amortisation of intangible asset and capitalised transaction costs	**10,568**	13,870
- Share of results of associates	**(73,720)**	(83,795)
- Share of results of joint ventures	**(30,170)**	(31,959)
- Effects of recognising rental income on a straight-line basis over the lease terms	**1,165**	1,330
- Interest income to be received	**(160)**	(197)
- Net change in fair value of derivative financial instruments	**8,077**	1,598
- Deferred tax expense	**6,591**	10,955
- Capital gains distribution	**3,000**	–
- Other items	**(2,146)**	(14,348)
	(24,254)	(50,294)
Dividend and distribution income from associates	**73,993**	93,809
Distribution income from joint ventures	**26,237**	26,336
Net tax and other adjustments	**75,976**	69,851
Note B – Total Unitholders' distribution		
- Taxable income	**(154,117)**	(135,069)
- Tax exempt income	**(35,631)**	(45,222)
- Capital return	**(1,348)**	(10,954)
	(191,096)	(191,245)

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

Portfolio Statement

As at 31 December 2018

Group

Description of property	Tenure of land	Term of lease	Remaining term of lease	Location	Existing use	Carrying value 2018 $'000	Carrying value 2017 $'000	Percentage of net assets 2018 %	Percentage of net assets 2017 %
Investment properties in Singapore:									
Bugis Junction Towers	Leasehold	99 years	70.7 years	230 Victoria Street	Commercial	**515,000**	525,000	**9.7**	10.7
Ocean Financial Centre[1]	Leasehold interest	99 years	91.9 years	10 Collyer Quay	Commercial	**2,627,000**	2,625,630	**49.2**	53.4
Investment properties in Australia:									
275 George Street[2]	Freehold[3]	NA	NA	Brisbane	Commercial	**232,188**	219,300	**4.3**	4.5
8 Exhibition Street[4]	Freehold[3]	NA	NA	Melbourne	Commercial	**271,918**	256,020	**5.1**	5.2
311 Spencer Street[5]	Freehold[3]	NA	NA	Melbourne	Under development	**233,850**	148,920	**4.4**	3.0
Investment properties, at valuation (Note 3)						**3,879,956**	3,774,870	**72.7**	76.8
Investments in associates and joint ventures, advances to associates (Notes 5, 6 and 8) and intangible asset (Note 9)						**3,628,525**	3,616,772	**68.0**	73.6
Investment properties held by joint ventures:									
8 Chifley Square[6]	Leasehold	99 years	86.3 years	Sydney	Commercial				
David Malcolm Justice Centre[7]	Leasehold	99 years	95.7 years	Perth	Commercial				
Investment properties held by associates:									
One Raffles Quay[8]	Leasehold	99 years	81.4 years	1 Raffles Quay	Commercial				
Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall[9]	Leasehold	99 years	85.8 years	Nos. 8, 8A and 10 Marina Boulevard	Commercial				
Marina Bay Financial Centre Tower 3[10]	Leasehold	99 years	87.2 years	No. 12 Marina Boulevard	Commercial				
Other assets and liabilities (net)						**(2,172,885)**	(2,476,384)	**(40.7)**	(50.4)
Net assets						**5,335,596**	4,915,258	**100.0**	100.0

1 Carrying value is based on 100.0% of Ocean Financial Centre. Keppel REIT owns approximately 79.9% (2017: 99.9%) interest in Ocean Financial Centre.
2 Comprises 50.0% (2017: 50.0%) interest in 275 George Street.
3 Also known as estate in fee simple.
4 Comprises 50.0% (2017: 50.0%) interest in 8 Exhibition Street office building and a 100.0% (2017: 100.0%) interest in three adjacent retail units.
5 Comprises 50.0% (2017: 50.0%) interest in 311 Spencer Street.
6 Comprises 50.0% (2017: 50.0%) interest in 8 Chifley Square, held through Mirvac 8 Chifley Trust.
7 Comprises 50.0% (2017: 50.0%) interest in David Malcolm Justice Centre, held through Mirvac (Old Treasury) Trust.
8 Comprises one-third (2017: one-third) interest in One Raffles Quay, held through One Raffles Quay Pte Ltd.
9 Comprise one-third (2017: one-third) interest in Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall, held through BFC Development LLP.
10 Comprises one-third (2017: one-third) interest in Marina Bay Financial Centre Tower 3, held through Central Boulevard Development Pte. Ltd.

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

The carrying values of the Group's assets under management as at 31 December 2018 and 31 December 2017 are based on valuations undertaken by various independent valuers. The independent valuers have appropriate professional qualifications and experience in the location and asset class of the properties being valued. The following valuations are determined based on the capitalisation approach, discounted cash flows analysis and direct comparison method, and assessed in accordance with the Group's respective interests in the properties and include rental support top-up payments, where applicable.

FY2018

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

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

Portfolio Statement

FY2017

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

1 The carrying value based on 100.0% interest in Ocean Financial Centre is $2,627,000,000 (2017: $2,625,630,000).

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

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

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

Statements of Movements in Unitholders' Funds

For the financial year ended 31 December 2018

	Attributable to Unitholders									
Group	**Units in issue $'000**	**Treasury units $'000**	**Foreign currency translation reserve $'000**	**Hedging reserve $'000**	**Accumulated profits $'000**	**Discount on acquisition of non-controlling interest $'000**	**Unitholders' funds $'000**	**Perpetual securities $'000**	**Non-controlling interests $'000**	**Total $'000**
At 1 January 2018	3,530,732	–	(202,110)	(20,471)	1,452,051	3,222	4,763,424	149,701	2,133	4,915,258
Adoption of SFRS(I)	–	–	167,302	–	(167,302)	–	–	–	–	–
At 1 January 2018 (restated)	3,530,732	–	(34,808)	(20,471)	1,284,749	3,222	4,763,424	149,701	2,133	4,915,258
Operations										
Profit attributable to Unitholders and non-controlling interests	–	–	–	–	146,160	–	146,160	–	958	147,118
Net increase in net assets resulting from operations	–	–	–	–	146,160	–	146,160	–	958	147,118
Unitholders' transactions										
Creation of Units										
- Payment of management fees in Units	51,498	–	–	–	–	–	51,498	–	–	51,498
- Distribution Reinvestment Plan	9,707	–	–	–	(9,707)	–	–	–	–	–
Purchase of Units	–	(32,822)	–	–	–	–	(32,822)	–	–	(32,822)
Cancellation of treasury units	(32,822)	32,822	–	–	–	–	–	–	–	–
Distribution to Unitholders	(1,348)	–	–	–	(180,041)	–	(181,389)	–	–	(181,389)
Divestment of partial interest in a subsidiary	–	–	–	–	7,388	–	7,388	–	426,399	433,787
Net increase/(decrease) in net assets resulting from Unitholders' transactions	27,035	–	–	–	(182,360)	–	(155,325)	–	426,399	271,074
Perpetual securities										
Profit attributable to perpetual securities holders	–	–	–	–	–	–	–	7,470	–	7,470
Distribution to perpetual securities holders	–	–	–	–	–	–	–	(7,470)	–	(7,470)
Net movement in net assets resulting from perpetual securities holders' transactions	–	–	–	–	–	–	–	–	–	–
Net movement in foreign currency translation reserve	–	–	(11,610)	–	–	–	(11,610)	–	–	(11,610)
Net change in fair value of cash flow hedges	–	–	–	10,174	–	–	10,174	–	2	10,176
Share of net change in fair value of cash flow hedges of associates	–	–	–	4,462	–	–	4,462	–	–	4,462
Distribution of partnership profits to non-controlling interests	–	–	–	–	–	–	–	–	(882)	(882)
At 31 December 2018	3,557,767	–	(46,418)	(5,835)	1,248,549	3,222	4,757,285	149,701	428,610	5,335,596

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

Statements of Movements in Unitholders' Funds

Group	Units in issue $'000	Foreign currency translation reserve $'000	Hedging reserve $'000	Accumulated profits $'000	Discount on acquisition of non-controlling interest $'000	Unitholders' funds $'000	Perpetual securities $'000	Non-controlling interest $'000	Total $'000
	Attributable to Unitholders								
At 1 January 2017	3,456,557	(167,302)	(5,494)	1,459,734	3,222	4,746,717	149,701	2,140	4,898,558
Adoption of SFRS(I)	–	167,302	–	(167,302)	–	–	–	–	–
At 1 January 2017 (restated)	3,456,557	–	(5,494)	1,292,432	3,222	4,746,717	149,701	2,140	4,898,558
Operations									
Profit attributable to Unitholders and non-controlling interest	–	–	–	172,608	–	172,608	–	76	172,684
Net increase in net assets resulting from operations	–	–	–	172,608	–	172,608	–	76	172,684
Unitholders' transactions									
Creation of Units									
- Payment of management fees in Units	50,822	–	–	–	–	50,822	–	–	50,822
- Distribution Reinvestment Plan	34,307	–	–	(34,307)	–	–	–	–	–
Distribution to Unitholders	(10,954)	–	–	(145,984)	–	(156,938)	–	–	(156,938)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	74,175	–	–	(180,291)	–	(106,116)	–	–	(106,116)
Perpetual securities									
Profit attributable to perpetual securities holders	–	–	–	–	–	–	7,470	–	7,470
Distribution to perpetual securities holders	–	–	–	–	–	–	(7,470)	–	(7,470)
Net movement in net assets resulting from perpetual securities holders' transactions	–	–	–	–	–	–	–	–	–
Net movement in foreign currency translation reserve	–	(34,808)	–	–	–	(34,808)	–	–	(34,808)
Net change in fair value of cash flow hedges	–	–	(15,191)	–	–	(15,191)	–	(4)	(15,195)
Share of net change in fair value of cash flow hedges of associates	–	–	214	–	–	214	–	–	214
Distribution of partnership profits to non-controlling interest	–	–	–	–	–	–	–	(79)	(79)
At 31 December 2017	3,530,732	(34,808)	(20,471)	1,284,749	3,222	4,763,424	149,701	2,133	4,915,258

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

Trust	Attributable to Unitholders: Units in issue $'000	Treasury units $'000	Hedging reserve $'000	Accumulated profits $'000	Perpetual securities $'000	Total $'000
At 1 January 2018	**3,530,732**	**–**	**(12,554)**	**270,068**	**149,701**	**3,937,947**
Operations						
Profit attributable to Unitholders	**–**	**–**	**–**	**163,147**	**–**	**163,147**
Net increase in net assets resulting from operations	**–**	**–**	**–**	**163,147**	**–**	**163,147**
Unitholders' transactions						
Creation of Units						
- Payment of management fees in Units	**51,498**	**–**	**–**	**–**	**–**	**51,498**
- Distribution Reinvestment Plan	**9,707**	**–**	**–**	**(9,707)**	**–**	**–**
Purchase of Units	**–**	**(32,822)**	**–**	**–**	**–**	**(32,822)**
Cancellation of treasury units	**(32,822)**	**32,822**	**–**	**–**	**–**	**–**
Distribution to Unitholders	**(1,348)**	**–**	**–**	**(180,041)**	**–**	**(181,389)**
Net increase/(decrease) in net assets resulting from Unitholders' transactions	**27,035**	**–**	**–**	**(189,748)**	**–**	**(162,713)**
Perpetual securities						
Profit attributable to perpetual securities holders	**–**	**–**	**–**	**–**	**7,470**	**7,470**
Distribution to perpetual securities holders	**–**	**–**	**–**	**–**	**(7,470)**	**(7,470)**
Net movement in net assets resulting from perpetual securities holders' transactions	**–**	**–**	**–**	**–**	**–**	**–**
Net change in fair value of cash flow hedges	**–**	**–**	**7,593**	**–**	**–**	**7,593**
At 31 December 2018	**3,557,767**	**–**	**(4,961)**	**243,467**	**149,701**	**3,945,974**
At 1 January 2017	3,456,557	–	(132)	357,271	149,701	3,963,397
Operations						
Profit attributable to Unitholders	–	–	–	93,088	–	93,088
Net increase in net assets resulting from operations	–	–	–	93,088	–	93,088
Unitholders' transactions						
Creation of Units						
- Payment of management fees in Units	50,822	–	–	–	–	50,822
- Distribution Reinvestment Plan	34,307	–	–	(34,307)	–	–
Distribution to Unitholders	(10,954)	–	–	(145,984)	–	(156,938)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	74,175	–	–	(180,291)	–	(106,116)
Perpetual securities						
Profit attributable to perpetual securities holders	–	–	–	–	7,470	7,470
Distribution to perpetual securities holders	–	–	–	–	(7,470)	(7,470)
Net movement in net assets resulting from perpetual securities holders' transactions	–	–	–	–	–	–
Net change in fair value of cash flow hedges	–	–	(12,422)	–	–	(12,422)
At 31 December 2017	3,530,732	–	(12,554)	270,068	149,701	3,937,947

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2018

	Group	
	2018 $'000	2017 $'000
Operating activities		
Profit before tax	**164,824**	197,310
Adjustments for:		
Interest income	**(25,075)**	(22,975)
Amortisation expense	**8,163**	11,799
Share of results of associates	**(73,720)**	(83,795)
Share of results of joint ventures	**(30,170)**	(31,959)
Borrowing costs	**69,084**	65,256
Management fees paid and payable in Units	**51,263**	50,989
Net change in fair value of derivative financial instruments	**8,077**	1,598
Net change in fair value of investment properties	**(33,167)**	(51,727)
Depreciation	**43**	41
Rental support	**(8,615)**	(12,825)
Unrealised currency translation differences	**546**	1,919
Operating cash flows before changes in working capital	**131,253**	125,631
Increase in receivables	**(11,507)**	(5,576)
Increase in payables	**402**	7,161
Increase/(decrease) in security deposits	**1,414**	(580)
Cash flows from operations	**121,562**	126,636
Income taxes paid	**(4,490)**	(6,671)
Net cash flows provided by operating activities	**117,072**	119,965
Investing activities		
Purchase of investment property under development	**–**	(133,953)
Progress payments on investment property under development	**(81,280)**	(9,409)
Subsequent expenditure on investment properties	**(9,438)**	(14,427)
Purchase of fixed assets	**(6)**	–
Interest received	**25,112**	23,392
Rental support received	**8,615**	13,848
Payment on adjustment to investment in an associate	**(333)**	–
Dividend and distribution income received from associates	**73,993**	93,809
Distribution income received from joint ventures	**26,237**	26,336
Advance to an associate	**(2,500)**	(2,200)
Net proceeds from divestment of partial interest in a subsidiary	**439,272**	–
Net cash flows provided by/(used in) investing activities	**479,672**	(2,604)
Financing activities		
Loans drawdown	**783,922**	306,168
Repayment of loans	**(1,018,503)**	(334,298)
Proceeds from issuance of medium term notes	**–**	75,000
Payment of financing expenses/upfront debt arrangement costs	**(1,223)**	(1,315)
Distribution of partnership profits to non-controlling interests	**(882)**	(79)
Distribution to Unitholders (net of distribution in Units)	**(181,389)**	(156,938)
Distribution to perpetual securities holders	**(7,470)**	(7,470)
Interest paid	**(68,231)**	(62,468)
Purchase of Units	**(32,822)**	–
Net cash flows used in financing activities	**(526,598)**	(181,400)

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

	Group	
	2018 $'000	2017 $'000
Net increase/(decrease) in cash and cash equivalents	**70,146**	(64,039)
Cash and cash equivalents at beginning of the year	**186,462**	253,219
Effect of exchange rate changes on cash and cash equivalents	**(801)**	(2,718)
Cash and cash equivalents at end of the year (Note 11)	**255,807**	186,462
Cash and bank balances	**258,924**	198,158
Less: Rental support received in advance held in designated accounts (Note A)	**(3,117)**	(11,696)
Cash and cash equivalents per Consolidated Statement of Cash Flows	**255,807**	186,462

Reconciliation of liabilities arising from financing activities

			Non-cash changes		
	As at 1 January 2018 $'000	**Net principal repayment and financing expenses/ upfront debt arrangement costs $'000**	**Amortisation of capitalised transaction costs $'000**	**Foreign exchange movement $'000**	**As at 31 December 2018 $'000**
Borrowings	**2,522,181**	**(235,804)**	**2,405**	**(3,078)**	**2,285,704**

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

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

This relates to the rental support top-up payments received in advance by the Group held in designated accounts for the one-third interest in Central Boulevard Development Pte. Ltd. ("CBDPL") which holds MBFC Tower 3.

Note B – Significant non-cash transactions

The following were the significant non-cash transactions:

(i) 42,986,667 (2017: 47,360,865) Units were issued as payment of management fees to the Manager, amounting to $51,498,000 (2017: $50,822,000); and

(ii) 7,955,743 (2017: 31,757,174) Units were issued pursuant to the Distribution Reinvestment Plan, amounting to $9,707,000 (2017: $34,307,000).

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

Notes to the Financial Statements

For the financial year ended 31 December 2018

These notes form an integral part of the financial statements.

The financial statements of Keppel REIT (the "Trust") and its subsidiaries (the "Group") for the financial year ended 31 December 2018 were authorised for issue by the Manager on 20 February 2019.

1. General

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

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

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

(a) Property management fees

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

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

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

The property management fees are payable monthly in arrears.

(b) Manager's management fees

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

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

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

The base fee component of the Manager's management fees is payable quarterly in arrears. The performance fee component of the Manager's management fees will be paid on an annual basis in arrears, subsequent to the applicable financial year.

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

(c) Trustee's fees

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

2. Summary of significant accounting policies

(a) Basis of preparation

The Accounting Standards Council (Singapore) has introduced a new financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)"), that is identical to the International Financial Reporting Standards issued by the International Accounting Standards Board, for the financial year beginning on or after 1 January 2018.

On 3 January 2018, the Monetary Authority of Singapore ("MAS") granted Keppel REIT a waiver from compliance with the requirement under Paragraph 4.3 of Appendix 6 to the Code on Collective Investment Schemes (the "CIS Code") to prepare its financial statements in accordance with the Singapore Financial Reporting Standards. The Group has adopted SFRS(I) for the financial year beginning 1 January 2018 and the financial statements of the Group have been prepared in accordance with SFRS(I).

The financial statements have also been prepared in accordance with the applicable requirements of the CIS Code issued by the MAS and the provisions of the Trust Deed.

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

(b) Changes in accounting policies

Except as disclosed in Note 2(c), the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year compared with those of the audited financial statements for the year ended 31 December 2017.

(c) Adoption of SFRS(I)

These financial statements for the year ended 31 December 2018 are the first set of financial statements the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 31 December 2017 were prepared in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants.

In adopting SFRS(I) on 1 January 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of SFRS(I)*.

Under SFRS(I) 1, these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 December 2018. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group's opening balance sheet has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I) ("date of transition").

<u>Optional exemptions applied</u>

SFRS(I) 1 allows the exemption from application of certain requirements under SFRS(I) on a retrospective basis. The Group has applied the following exemptions in preparing this first set of financial statements in accordance with SFRS(I):

(i) Cumulative translation differences

The Group has elected to deem the cumulative translation differences for all foreign operations to be zero as at the date of transition to SFRS(I) on 1 January 2017. As a result, the Group reclassified cumulative foreign currency translation losses of $167,302,000 from foreign currency translation reserve to accumulated profits as at 1 January 2017. After 1 January 2017, any gain or loss on disposal of any foreign operation will exclude translation differences that arose before the date of transition.

(ii) Short-term exemption on adoption of SFRS(I) 9 *Financial Instruments*

The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 January 2018. Accordingly, the requirements of SFRS 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended 31 December 2017. The Group is also exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosure* to the extent that the disclosures required by SFRS(I) 7 relate to the items within scope of SFRS(I) 9.

Except for the effects of the optional exemption applied as described in Note 2(c)(i) and as disclosed in the Group's Statements of Movements in Unitholders' Funds, there were no adjustments to the Group's Consolidated Statement of Profit or Loss, Balance Sheet and Consolidated Statement of Cash Flows arising from the transition from SFRS to SFRS(I). For notes to the financial statements relating to the balance sheets, comparative information as at 1 January 2017, where applicable, has been included.

2. Summary of significant accounting policies (continued)

(d) Standards issued but not yet effective

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

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under SFRS(I) 16.

The standard also introduces expanded disclosure requirements and changes in presentation.

SFRS(I) 16 will take effect from financial years beginning on or after 1 January 2019.

The Manager anticipates that the adoption of SFRS(I) 16 in future periods will not have a material impact on the financial statements of the Group and of the Trust in the period of their initial adoption.

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

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

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

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

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

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

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

(g) Functional and foreign currency

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

(ii) Foreign currency transactions and balances

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

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

(iii) Consolidated financial statements

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

(h) Investment properties

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

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

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

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

(i) Fixed assets

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

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

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

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

Computer	3 years
Machinery and equipment	5 years

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

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

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

2. Summary of significant accounting policies (continued)

(j) Subsidiaries

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

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

(k) Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2(l).

(l) Associates and joint ventures

An associate is an entity over which the Group has significant influence, but not control over the financial and operating policy decisions of the investee.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

The Group accounts for its investments in associates and joint ventures using the equity method less impairment losses, if any, from the date on which the investment becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investments in associates or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions or dividends received from associates or joint ventures reduce the carrying amounts of the investments. Where there has been a change recognised in other comprehensive income by the associates or joint ventures, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associates or joint ventures are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal and constructive obligations to make or has made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in associates or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates and joint ventures are prepared as of the same reporting date as the Trust. Property held for sale is stated at the lower of cost and net realisable value. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group, and adjustments are made for the effects of significant transactions or events that occur between that date and the reporting date of the Trust.

(m) Intangible asset

Intangible asset, which relates to rental support top-up payments, is measured initially at cost, being the fair value as at the date of acquisition. Following initial recognition, intangible asset is measured at cost less any accumulated amortisation and any impairment losses.

Intangible asset with a finite useful life is amortised over the estimated useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible asset with finite useful life is recognised in profit or loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(n) Impairment of non-financial assets

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. If that is the case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment losses are also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

(o) Financial instruments

Financial assets

The accounting for financial assets before 1 January 2018 is as follows:

(i) Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the assets were acquired and is determined at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets.

(ii) Recognition and derecognition

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2. Summary of significant accounting policies (continued)

(o) Financial instruments (continued)

Financial assets (continued)

(iii) Initial and subsequent measurement
Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

The accounting for financial assets from 1 January 2018 is as follows:

(iv) Classification and measurement
The Group classifies its financial assets in the following measurement categories:
- Amortised cost;
- Fair value through profit or loss

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

(v) At initial recognition
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(vi) At subsequent measurement
Debt instruments mainly comprise cash and cash equivalents, advances to associates, trade and other receivables and derivative financial instruments. Depending on the Group's business model for managing the asset and the cash flow characteristics of the asset, the Group uses the following measurement categories:

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

- Fair value through profit or loss: Debt instruments that do not meet the criteria for classification as amortised cost or fair value through other comprehensive income are classified as fair value through profit or loss. Movement in fair values is recognised in profit or loss in the period which it arises.

(vii) Recognition and derecognition
Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

Financial liabilities

(i) Recognition and derecognition
Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(ii) Initial and subsequent measurement

All financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(p) Impairment of financial assets

The accounting for impairment of financial assets before 1 January 2018 is as follows:

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the cash flow becomes uncollectible, the carrying amount of an impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amount charged to the allowance account is written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

The accounting for impairment of financial assets after 1 January 2018 is as follows:

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 29 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, and demand deposits, and exclude amounts which are restricted for use.

(r) Unit capital, treasury units, perpetual securities and issue expenses

Proceeds from issuance of Units are recognised as units in issue in Unitholders' funds and incidental costs directly attributable to the issuance are deducted against Unitholders' funds.

When units are re-acquired by the Trust, the amount of consideration paid and any directly attributable transaction costs are recognised directly in equity. Re-acquired units are classified as treasury units and presented as a deduction from total equity. When treasury units are subsequently cancelled, the costs of treasury units are deducted against the units in issue account if the units are purchased out of capital of the Trust, or against accumulated profits of the Trust if the units are purchased out of earnings of the Trust.

Proceeds from issuance of perpetual securities are recognised in equity and incidental costs directly attributable to the issuance of perpetual securities are deducted against the proceeds from the issue.

2. Summary of significant accounting policies (continued)

(s) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(t) Leases – as lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. The accounting policy for rental income is set out in Note 2(u)(i). Contingent rents are recognised as revenue in the period in which they are earned.

(u) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(i) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

(ii) Interest income

Interest income is recognised using the effective interest method.

(iii) Rental support, dividend income and distribution income

Rental support, dividend income and distribution income are recognised when the Group's right to receive payment is established.

(v) Expenses

(i) Trust expenses

Trust expenses are recognised on an accrual basis.

(ii) Property expenses

Property expenses are recognised on an accrual basis. Included in property expenses are property management fees which are based on the applicable formula stipulated in Note 1(a).

(iii) Manager's management fees

Manager's management fees are recognised on an accrual basis based on the applicable formula stipulated in Note 1(b).

(w) Borrowing costs

Borrowing costs are recognised in the Consolidated Statement of Profit or Loss using the effective interest method except for those costs that are directly attributable to the development of investment properties. These include costs on borrowings acquired specifically for the development of investment properties.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit of the investment property under development less any investment income on temporary investment of these borrowings, are capitalised in the cost of the investment property under development.

(x) Taxation

(i) Current income tax

Current income tax is the expected tax payable on the taxable income for the year, using tax rates and tax laws enacted or substantively enacted at the reporting date.

Current income tax is recognised as an expense or income in profit or loss, except when it relates to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination.

(ii) Deferred tax

Deferred tax is provided, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which those assets and liabilities are expected to be realised or settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is measured based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Deferred tax is recognised as an expense or income in profit or loss, except when it relates to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination.

(iii) Tax transparency

Pursuant to the Tax Transparency Ruling issued by the Inland Revenue Authority of Singapore ("IRAS"), tax transparency treatment has been granted to the Trust in respect of certain taxable income ("Specified Taxable Income"). Subject to meeting the terms and conditions of the tax ruling which include a distribution of at least 90% of the taxable income of the Trust, the Trust will not be assessed for tax on the portion of its taxable income that is distributed to Unitholders. Any portion of the Trust's taxable income that is not distributed to Unitholders will be taxed at the prevailing corporate tax rate.

In the event that there are subsequent adjustments to the taxable income when the actual taxable income of the Trust is finally agreed with the IRAS, such adjustments are taken up as adjustments to the amount to be distributed for the next distribution following the agreement with the IRAS.

Subject to the terms and conditions of the Tax Transparency Ruling, the Trust will not be taxed on Specified Taxable Income distributed to the Unitholders in the year in which the income was derived. Instead, the Trust will undertake to deduct income tax at the prevailing corporate tax rate on the distributions made to the Unitholders out of such Specified Taxable Income except:

a) where the beneficial owner is a Qualifying Unitholder (as defined herein), distributions will be made to such Unitholder without deducting any income tax; and
b) where the beneficial owner is a Qualifying Foreign Non-Individual Unitholder (as defined herein), income tax will be deducted at a reduced rate of 10% from the distributions made up to 31 March 2020, unless otherwise extended.

A Qualifying Unitholder is a Unitholder who is:

a) an individual; or
b) a company incorporated and tax resident in Singapore;
c) a Singapore branch of a company incorporated outside Singapore;
d) a non-corporate entity (excluding partnerships) constituted or registered in Singapore including:
    - institutions, authorities, persons or funds specified in the First Schedule to the Income Tax Act, Chapter 134 of Singapore;
    - co-operative societies registered under the Co-operative Societies Act, Chapter 62 of Singapore;
    - trade unions registered under the Trade Unions Act, Chapter 333 of Singapore;
    - charities registered under the Charities Act, Chapter 37 of Singapore or established by an Act of Parliament; and
    - town councils; or
e) an international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Cap. 145).

A Qualifying Foreign Non-Individual Unitholder is a person other than an individual not resident in Singapore for Singapore income tax purposes and:

a) who does not have a permanent establishment in Singapore; or
b) who carries on an operation in Singapore through a permanent establishment in Singapore, where the funds used by that person to acquire the units are not obtained from that operation.

The above tax transparency ruling does not apply to gains from sale of real estate properties. Such gains, if they are considered as trading gains, are assessable to tax on the Trust. Where the gains are capital gains, the Trust will not be assessed to tax and may distribute the capital gains to Unitholders without having to deduct tax at source.

Any distributions made by the Trust to the Unitholders out of tax-exempt income and taxed income would be exempt from Singapore income tax in the hands of all Unitholders, regardless of their corporate or residence status.

2. Summary of significant accounting policies (continued)

(x) Taxation (continued)

(iv) Sales tax
Revenue, expenses and assets are recognised net of the amount of sales tax except:
a) Where the sales tax incurred on a purchase of asset or service is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
b) Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables on the Balance Sheets.

(y) Portfolio reporting
For management purposes, the Group is organised into operating segments based on individual investment property within the Group's portfolio, and prepares financial information on a property by property basis. The properties are independently managed by property managers who are responsible for the performance of the property under their charge. Discrete financial information is provided to the Board of Directors (the "Board") on a property by property basis. The Board regularly reviews this information in order to allocate resources to each property and to assess the property's performance.

(z) Derivative financial instruments and hedge accounting
Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Gains or losses arising from the changes in fair value of derivative financial instruments that do not qualify for hedge accounting are taken to profit or loss and presented in "net change in fair value of derivative financial instruments".

The Group applies hedge accounting for certain hedging transactions which qualify for hedge accounting.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or

- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or

- hedges of a net investment in a foreign operation.

At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The hedges in place as at 31 December 2018 qualified as cash flow hedges under SFRS(I) 9. The Group's management strategies and hedge documentation are aligned with the requirements of SFRS(I) 9 and are thus treated as continuing hedges.

Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognised directly in hedging reserve in Unitholders' funds, while any ineffective portion is recognised immediately in profit or loss.

Amounts recognised in hedging reserve in Unitholders' funds are transferred to profit or loss when the hedge transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in hedging reserve in Unitholders' funds is transferred to profit or loss. If the hedging instrument has expired or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in hedging reserve in Unitholders' funds remains in Unitholders' funds until the forecast transaction or firm commitment affects profit or loss.

The Group uses interest rate swaps to hedge its exposure to interest rate risk for bank loans with floating interest rates. Details of the interest rate swaps are disclosed in Note 13.

The Group uses forward currency contracts to hedge foreign currency risk arising from the cash flows of its investment properties in Australia. Details of the forward currency contracts are disclosed in Note 13.

(aa) Significant accounting judgements and estimates

The preparation of the financial statements in conformity with SFRS(I) requires the Manager to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income, expenses and disclosures made. The estimates and associated assumptions are based on historical experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates and underlying assumptions are reviewed on an on-going basis. Financial impact arising from revisions to accounting estimates is recognised in the period in which the estimates are revised and in any future periods affected.

In particular, significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

Valuation of investment properties

Investment properties are stated at fair value, with changes in fair value recognised in profit or loss. The Group engaged independent professional valuers to determine fair value as at the financial year-end.

The fair value of investment properties held by the Group and through its associates and joint ventures is determined by independent real estate valuation experts using approved valuation methodologies. In determining the fair value, the valuers have used valuation methods which involve estimates and discount rates applicable to those assets. The Manager is satisfied that the valuation methods and estimates are reflective of current market conditions. The determined fair value of the investment properties is most sensitive to the estimated yield as well as the vacancy assumptions. Specific assumptions and estimates are disclosed in Note 31.

3. Investment properties

Group	Completed investment properties $'000	Investment property under development $'000	Total $'000
2018			
At 1 January	**3,625,950**	**148,920**	**3,774,870**
Translation differences	**(6,234)**	**(3,217)**	**(9,451)**
Progress payments on investment property under development	**–**	**81,280**	**81,280**
Capitalised expenditure	**7,233**	**2,205**	**9,438**
Net change in fair value of investment properties (Note 25)	**19,157**	**4,662**	**23,819**
At 31 December	**3,646,106**	**233,850**	**3,879,956**
2017			
At 1 January	3,618,097	–	3,618,097
Translation differences	(18,694)	(5,926)	(24,620)
Purchase of investment property	–	133,953	133,953
Progress payments on investment property under development	–	9,409	9,409
Capitalised expenditure	2,794	11,633	14,427
Net change in fair value of investment properties (Note 25)	23,753	(149)	23,604
At 31 December	3,625,950	148,920	3,774,870

Trust	Completed investment properties $'000	Investment property under development $'000	Total $'000
2018			
At 1 January	**525,000**	**–**	**525,000**
Capitalised expenditure	**164**	**–**	**164**
Net change in fair value of investment properties	**(10,164)**	**–**	**(10,164)**
At 31 December	**515,000**	**–**	**515,000**
2017			
At 1 January	540,000	–	540,000
Capitalised expenditure	351	–	351
Net change in fair value of investment properties	(15,351)	–	(15,351)
At 31 December	525,000	–	525,000

Investment properties are stated at fair value based on valuations performed by independent valuers. In determining the fair value, the valuers have used the direct comparison method, capitalisation approach and discounted cash flows analysis which make reference to estimated market rental values and equivalent yields. The key assumptions used to determine the fair value of investment properties include, amongst others, market-corroborated capitalisation yields, discount rates and transacted prices of comparable properties. Details of valuation techniques and inputs used are disclosed in Note 31.

Included in capitalised expenditure for investment property under development are capitalised borrowing costs amounting to $2,205,000 (2017: $564,000).

On 31 July 2017, the Group acquired a 50% interest in an office tower under development at 311 Spencer Street for an aggregate consideration of approximately $362,400,000.

The Group has mortgaged an investment property of a principal amount of $515,000,000 (2017: $525,000,000) as security for credit facilities granted (Note 15).

4. Investments in subsidiaries

	Trust		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Unquoted equity, at cost	**1,473,781**	1,837,110	1,837,110

Name	**Country of incorporation/ constitution**	**Principal activities**	**Effective equity interest 2018 %**	**2017 %**
Held by the Trust				
Keppel REIT MTN Pte. Ltd.[1]	Singapore	Provision of treasury services	**100.00**	100.00
Keppel REIT (Australia) Pte. Ltd.[1]	Singapore	Investment holding	**100.00**	100.00
Keppel REIT Fin. Company Pte. Ltd.[1]	Singapore	Provision of treasury services	**100.00**	100.00
Ocean Properties LLP ("OPLLP") [1, 5]	Singapore	Property investment	**~79.90 [5]**	~99.90 [5]
Held through Keppel REIT (Australia) Pte. Ltd.				
Keppel REIT (S) Limited [2]	Bermuda	Investment holding	**100.00**	100.00
Keppel REIT (Australia) Trust [3]	Australia	Property investment	**100.00**	100.00
Keppel REIT (Australia) Sub-Trust 1	Australia	Property investment	**– [4]**	100.00 [3]
Keppel REIT (Australia) Sub-Trust 2 [3]	Australia	Investment holding	**100.00**	100.00
Keppel REIT (Australia) Sub-Trust 3 [3]	Australia	Investment holding	**100.00**	100.00
Keppel REIT (Australia) Sub-Trust 4 [3]	Australia	Property investment	**100.00**	100.00
Keppel REIT (Australia) Sub-Trust 5 [3]	Australia	Property investment	**100.00**	100.00

1 Audited by PricewaterhouseCoopers LLP, Singapore.

2 There is no statutory requirement for the financial statements of Keppel REIT (S) Limited to be audited.

3 Audited by PricewaterhouseCoopers, Australia.

4 Keppel REIT (Australia) Sub-Trust 1 was wound up on 31 October 2018.

5 OPLLP owns Ocean Financial Centre. For the approximate 87.51% equity interest in OPLLP which the Trust acquired on 14 December 2011 for a period of 99 years from Straits Property Investments Pte Ltd ("SPIPL"), the Trust granted a call option under an option deed to SPIPL for the right to acquire the approximate 87.51% equity interest in OPLLP for $1.00 at the expiry of the 99-year period after the acquisition date. Under the option deed, the Trust shall not dispose of its legal or beneficial interest in OPLLP to any person unless SPIPL's right of first refusal has lapsed. In addition, if any of certain specified events occur anytime during the 99 years after the acquisition date, SPIPL has the right to procure OPLLP to take the necessary steps to carve out and transfer a leasehold title of the remaining tenure to a special purpose vehicle owned by SPIPL and the non-controlling interest.

On 25 June 2012, the Trust acquired an additional equity interest in OPLLP of approximately 12.39% from a third party, Avan Investment Pte Ltd ("AIPL") for a period of 99 years from 14 December 2011. This acquisition increased the Group's interest in OPLLP from an approximate 87.51% to an approximate 99.90%. AIPL continues to hold a remaining equity interest of approximately 0.10% in OPLLP (the "non-controlling interest"). The Trust also entered into an option deed pursuant to which AIPL shall have the right to acquire the approximate 12.39% interest in OPLLP for $1.00, such option to be exercisable only after the expiry of a period of 99 years after 14 December 2011.

On 11 December 2018, the Trust divested a 20.00% equity interest in OPLLP to a third party, Allianz Real Estate. The Group recognised a gain on divestment of $7,388,000 in Unitholders' funds. The divestment decreased the Group's interest in OPLLP from an approximate 99.90% to an approximate 79.90%. The effect of changes in the ownership interest of OPLLP on Unitholders' funds during the year is summarised as follows:

	2018 $'000
Consideration received from Allianz Real Estate	**439,272**
Carrying amount of interests in subsidiary disposed of	**(426,399)**
Estimated divestment expenses	**(5,485)**
Excess of consideration received recognised in Unitholders' funds	**7,388**

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5. Investments in associates

	Group			Trust		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Unquoted equity, at cost	**2,025,135**	2,025,559	2,025,483	**2,025,135**	2,025,559	2,025,483
Share of post-acquisition reserves	**513,528**	502,283	499,629	**–**	–	–
	2,538,663	2,527,842	2,525,112	**2,025,135**	2,025,559	2,025,483

The movement in share of post-acquisition reserves is as follows:

	Group	
	2018 $'000	2017 $'000
At 1 January	**502,283**	499,629
Share of results of associates		
- Profit excluding net change in fair value of investment properties	**73,720**	83,795
- Net change in fair value of investment properties (Note 25)	**4,622**	10,627
- Effects of recognising rental income on a straight-line basis over the lease terms	**2,434**	1,827
	80,776	96,249
Share of net change in fair value of cash flow hedges	**4,462**	214
Dividend and distribution income received	**(73,993)**	(93,809)
At 31 December	**513,528**	502,283

Details of the associates are as follows:

			Effective equity interest	
Name	**Country of incorporation**	**Principal activities**	**2018 %**	**2017 %**
One Raffles Quay Pte Ltd [1]	Singapore	Property development and investment	**33.33**	33.33
BFC Development LLP [2]	Singapore	Property development and investment	**33.33**	33.33
Central Boulevard Development Pte. Ltd. [3]	Singapore	Property development and investment	**33.33**	33.33

1 Audited by Ernst & Young LLP, Singapore.
One Raffles Quay Pte Ltd ("ORQPL") is the owner of One Raffles Quay.

2 Audited by Ernst & Young LLP, Singapore.
BFC Development LLP ("BFCDLLP") is the owner of Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall.

3 Audited by Ernst & Young LLP, Singapore.
Central Boulevard Development Pte. Ltd. ("CBDPL") is the owner of Marina Bay Financial Centre Tower 3.

The Group does not equity account for the results of Marina Bay Suites Pte. Ltd. ("MBSPL") (dissolved in May 2018), which is a wholly-owned subsidiary of CBDPL, as the acquisition of the one-third interest in CBDPL was structured to effectively exclude any interest in MBSPL.

A deed of undertaking was signed between Bayfront Development Pte. Ltd. (the "Vendor") and the Trust, whereby the Trust agrees not to participate in the financial and operating policy decisions in MBSPL and that it would exercise all voting rights and other rights and powers that it directly or indirectly has or controls in CBDPL and MBSPL in accordance with the written instructions of the Vendor on all matters arising from, relating to, or otherwise connected with MBSPL, and/or CBDPL's ownership of MBSPL.

The summarised financial information of the associates, excluding CBDPL's interest in MBSPL, and a reconciliation with the carrying amounts of the investments in the consolidated financial statements, are as follows:

	ORQPL		BFCDLLP		CBDPL	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000	**2018 $'000**	2017 $'000
Summarised Balance Sheet						
Current assets (including property held for sale)	**1,444,189**	1,450,453	**20,148**	18,446	**26,781**	21,669
Non-current assets	**1,680,115**	1,689,104	**5,055,081**	5,048,188	**3,837,325**	3,820,122
Total assets	**3,124,304**	3,139,557	**5,075,229**	5,066,634	**3,864,106**	3,841,791
Current liabilities	**(34,645)**	(44,998)	**(25,319)**	(30,064)	**(1,643,984)**	(31,830)
Non-current liabilities	**(1,075,068)**	(1,073,217)	**(1,743,355)**	(1,740,733)	**(32,246)**	(1,652,853)
Total liabilities	**(1,109,713)**	(1,118,215)	**(1,768,674)**	(1,770,797)	**(1,676,230)**	(1,684,683)
Net assets	**2,014,591**	2,021,342	**3,306,555**	3,295,837	**2,187,876**	2,157,108
Proportion of the Group's ownership	**33.33%**	33.33%	**33.33%**	33.33%	**33.33%**	33.33%
Group's share of net assets	**671,530**	673,781	**1,102,185**	1,098,612	**729,292**	719,036
Other adjustments	**13,734**	13,734	**7,000**	7,000	**14,922**	15,679
Carrying amount of the investment	**685,264**	687,515	**1,109,185**	1,105,612	**744,214**	734,715
Summarised Statement of Comprehensive Income						
Property income	**147,138**	158,146	**209,285**	202,804	**145,799**	148,071
Profit for the year	**56,092**	139,816	**108,537**	109,697	**77,700**	39,234
Other comprehensive income	**4,818**	(846)	**–**	–	**8,568**	1,488
Total comprehensive income	**60,910**	138,970	**108,537**	109,697	**86,268**	40,722

6. Investments in joint ventures

	Group 2018 $'000	Group 2017 $'000
Unquoted equity, at cost	**340,920**	345,286
Share of post-acquisition reserves	**130,771**	119,810
	471,691	465,096

The movement in share of post-acquisition reserves is as follows:

	Group 2018 $'000	Group 2017 $'000
At 1 January	**119,810**	96,807
Share of results of joint ventures		
- Profit excluding net change in fair value of investment properties	**30,170**	31,959
- Net change in fair value of investment properties (Note 25)	**12,579**	26,462
- Effects of recognising rental income on a straight-line basis over the lease terms	**(4,478)**	(4,219)
	38,271	54,202
Translation differences	**(1,122)**	(4,634)
Distribution received/receivable	**(26,188)**	(26,565)
At 31 December	**130,771**	119,810

Details of the joint ventures are as follows:

Name	Country of incorporation	Principal activities	Effective equity interest 2018 %	Effective equity interest 2017 %
Held through Keppel REIT (S) Limited				
Mirvac 8 Chifley Pty Limited [1]	Australia	Fund administration	**50.00**	50.00
Mirvac (Old Treasury) Pty Limited [1]	Australia	Fund administration	**50.00**	50.00
Held through Keppel REIT (Australia) Sub-Trust 2				
Mirvac 8 Chifley Trust ("M8CT") [2]	Australia	Investment in real estate properties	**50.00**	50.00
Held through Keppel REIT (Australia) Sub-Trust 3				
Mirvac (Old Treasury) Trust ("MOTT") [2]	Australia	Investment in real estate properties	**50.00**	50.00

[1] There is no statutory requirement for the financial statements to be audited.
[2] Audited by PricewaterhouseCoopers, Australia.

The summarised financial information of the joint ventures and a reconciliation with the carrying amounts of the investments in the consolidated financial statements, are as follows:

	M8CT		MOTT	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
Summarised Balance Sheet				
Cash and bank balances	**2,075**	2,678	**5,320**	5,420
Other current assets	**825**	3,559	**2,538**	6,197
Non-current assets	**491,804**	487,904	**437,748**	428,055
Total assets	**494,704**	494,141	**445,606**	439,672
Current liabilities	**(2,855)**	(5,985)	**(6,157)**	(9,878)
Total liabilities	**(2,855)**	(5,985)	**(6,157)**	(9,878)
Net assets	**491,849**	488,156	**439,449**	429,794
Proportion of the Group's ownership	**50.00%**	50.00%	**50.00%**	50.00%
Group's share of net assets	**245,925**	244,078	**219,725**	214,897
Other adjustments	**3,357**	3,399	**2,684**	2,722
Carrying amount of the investment	**249,282**	247,477	**222,409**	217,619
Summarised Statement of Profit or Loss				
Property income	**31,657**	32,916	**41,177**	42,247
Interest income	**–**	–	**39**	52
Profit for the year	**35,508**	68,388	**41,034**	40,016

7. Amounts owing by subsidiaries (non-trade)

	Trust	
	2018 $'000	2017 $'000
Interest bearing	**644,644**	563,458
Non-interest bearing	**310,442**	314,515
	955,086	877,973

The amounts owing by subsidiaries are unsecured, to be settled in cash and not expected to be repaid within the next 12 months. These amounts are denominated in Australian dollar.

These are considered hedges against foreign exchange risk arising from a net investment in foreign operations. For the year ended 31 December 2018, a net unrealised loss of $12,712,000 (2017: $34,761,000) was recorded in the foreign currency translation reserve.

The interest bearing portions bear interest ranging from 5.2% to 9.5% (2017: 5.2% to 9.5%) per annum.

The non-interest bearing portions are considered part of the Trust's net investment in these subsidiaries and are accounted for in accordance with Note 2(j).

8. Advances to associates

Advances to associates are unsecured, not expected to be repaid within the next 12 months and carry interest at rates which are repriced every quarter at margins above the 3-month SGD swap-offer rate ("SOR"). They bore interest ranging from 3.37% to 5.16% (2017: 3.00% to 4.54%) per annum during the year.

The advances to associates are denominated in Singapore dollar.

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9. Intangible asset

	Group		Trust	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
Cost:				
At 1 January	**46,622**	66,093	**46,622**	46,622
Write-off	**–**	(19,471)	**–**	–
At 31 December	**46,622**	46,622	**46,622**	46,622
Accumulated amortisation:				
At 1 January	**35,910**	43,582	**35,910**	26,151
Amortisation expense	**8,163**	11,799	**8,163**	9,759
Write-off	**–**	(19,471)	**–**	–
At 31 December	**44,073**	35,910	**44,073**	35,910
Net carrying amount:				
At 31 December	**2,549**	10,712	**2,549**	10,712

Intangible asset represents the unamortised rental support top-up payments receivable by the Group for its one-third interest in CBDPL. The remaining rental support period is approximately 1 year (2017: 2 years). In the prior year, the write-off of intangible asset pertained to fully amortised rental support top-up payments.

10. Trade and other receivables

	Group		Trust	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
Trade receivables	**10,305**	5,838	**1,004**	576
Amounts due from subsidiaries (non-trade)	**–**	–	**7,756**	10,927
Amounts due from related companies (trade)	**810**	174	**810**	174
Amounts due from related companies (non-trade)	**762**	–	**762**	–
Amounts due from joint ventures (non-trade)	**2,167**	2,138	**–**	–
Interest receivable	**160**	197	**154**	184
Others	**852**	272	**783**	259
	15,056	8,619	**11,269**	12,120

Amounts due from subsidiaries, related companies and joint ventures are unsecured, interest-free, repayable on demand and are to be settled in cash.

Trade and other receivables of the Group and the Trust, denominated in currencies other than the respective entities' functional currencies, amounted to $21,000 (2017: $28,000) and $2,822,000 (2017: $1,119,000) respectively. These balances are denominated in Australian dollar.

Receivables that are past due but not impaired

	Group		Trust	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
Trade receivables past due but not impaired:				
Past due < 3 months	**2,949**	2,058	**217**	–
Past due 3 - 6 months	**185**	28	**175**	–
Past due > 6 months	**15**	59	**–**	–
	3,149	2,145	**392**	–

11. Cash and bank balances

	Group		Trust	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
Cash and bank balances	**116,278**	98,647	**90,309**	64,312
Fixed deposits	**142,646**	99,511	**141,146**	91,511
	258,924	198,158	**231,455**	155,823
Less: Rental support received in advance held in designated accounts	**(3,117)**	(11,696)	**(3,117)**	(11,696)
Cash and cash equivalents	**255,807**	186,462	**228,338**	144,127

Cash at banks earned interest at floating rates based on daily bank deposit rates ranging from 0% to 1.60% (2017: 0% to 1.60%) per annum. Short-term deposits were made for varying periods of between 39 days and 91 days (2017: 32 days and 181 days) depending on the cash requirements of the Group, and earned interest at the respective short-term deposit rates. The interest rates of short-term deposits ranged from 1.60% to 2.10% (2017: 1.10% to 1.70%) per annum.

Cash and bank balances of both the Group and the Trust, denominated in currencies other than the respective entities' functional currencies, amounted to $48,160,000 (2017: $45,584,000). These balances are denominated in Australian dollar.

12. Trade and other payables

	Group		Trust	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
Trade payables	**4,440**	3,278	**509**	1,379
Accrued expenses	**17,481**	14,506	**4,857**	4,613
Other payables	**16,917**	12,565	**16,917**	7,000
Amounts due to related companies:				
- trade	**21,496**	20,129	**20,369**	19,739
- non-trade	**–**	–	**41**	1,454
Other deposits	**453**	451	**111**	55
Interest payable	**3,970**	5,522	**653**	665
	64,757	56,451	**43,457**	34,905

Other payables mainly relate to (i) estimated development costs of $3,751,000 (2017: $3,751,000) to complete Phase 2 of Ocean Financial Centre of which the Group's proportionate share was withheld from the purchase consideration for the approximate 99.90% equity interest in OPLLP, (ii) estimated construction costs of $7,000,000 (2017: $7,000,000) withheld from the purchase consideration for the acquisition of the one-third interest in BFCDLLP and (iii) estimated divestment expenses of $5,485,000 (2017: nil) on the divestment of the 20.00% equity interest in OPLLP.

Included in the trade amounts due to related companies are amounts due to the Property Manager of $1,183,000 (2017: $390,000) and the Manager of $20,313,000 (2017: $19,738,000).

Amounts due to related companies are unsecured, interest-free and repayable on demand. These amounts are to be settled in cash except for management fees payable to the Manager which will be settled in the form of cash and/or Units (Note 1(b)).

Trade and other payables of both the Group and the Trust, denominated in currencies other than the respective entities' functional currencies, amounted to $16,000 (2017: $351,000). These balances are denominated in Australian dollar.

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13. Derivative financial instruments

		Group					
		2018 $'000			2017 $'000		
	Maturity	Contract/ Nominal amount	Assets	Liabilities	Contract/ Nominal amount	Assets	Liabilities
Derivatives whereby hedge accounting is applied							
Cash flow hedges							
Forward currency contracts	2019	**28,885**	**30**	**(101)**	21,865	1,175	–
Interest rate swaps	2019 – 2022	**2,035,869**	**1,505**	**(6,010)**	2,677,000	22	(15,949)
Derivatives whereby hedge accounting is not applied							
Interest rate swaps	2021 – 2023	**275,000**	**–**	**(2,307)**	50,000	–	(1,816)
Cross currency swap	2021	**99,790**	**–**	**(3,397)**	99,790	4,190	–
		2,439,544	**1,535**	**(11,815)**	2,848,655	5,387	(17,765)
Less: Current portion		**(408,885)**	**(206)**	**230**	(716,865)	(1,197)	1,748
Non-current portion		**2,030,659**	**1,329**	**(11,585)**	2,131,790	4,190	(16,017)
Percentage of derivative financial instruments to the Group's net asset value				**(0.19%)**			(0.25%)

		Trust					
		2018 $'000			2017 $'000		
	Maturity	Contract/ Nominal amount	Assets	Liabilities	Contract/ Nominal amount	Assets	Liabilities
Derivatives whereby hedge accounting is applied							
Cash flow hedges							
Forward currency contracts	2019	**28,885**	**30**	**(101)**	21,865	1,175	–
Interest rate swaps	2019 – 2022	**1,658,869**	**868**	**(5,758)**	1,900,000	–	(13,729)
Derivatives whereby hedge accounting is not applied							
Interest rate swaps	2021 – 2023	**275,000**	**–**	**(2,307)**	50,000	–	(1,816)
Cross currency swap	2021	**99,790**	**–**	**(3,397)**	99,790	4,190	–
		2,062,544	**898**	**(11,563)**	2,071,655	5,365	(15,545)
Less: Current portion		**(408,885)**	**(206)**	**230**	(316,865)	(1,175)	1,134
Non-current portion		**1,653,659**	**692**	**(11,333)**	1,754,790	4,190	(14,411)
Percentage of derivative financial instruments to the Trust's net asset value				**(0.27%)**			(0.26%)

Hedging instruments used in the Group's hedging strategy in 2018, whereby hedge accounting is applied, are as follows:

Group	Carrying amount: Contractual notional amount $'000	Carrying amount: Assets/ (Liabilities) $'000	Carrying amount: Financial statement line item	Changes in fair value used for calculating hedge ineffectiveness: Hedging instrument $'000	Changes in fair value used for calculating hedge ineffectiveness: Hedged item $'000	Weighted average hedged rate	Maturity date
Cash flow hedges							
Foreign exchange risk							
- Forward currency contracts	28,885	(71)	Derivative financial instruments	(1,246)	1,246	A$1: $1.0030	2019
Interest rate risk							
- Interest rate swaps to hedge floating rate borrowings	2,035,869	(4,505)	Derivative financial instruments	11,420	(11,420)	SOR: 1.88% BBSW: 2.09%	2019 – 2022
Net investment hedge							
Foreign exchange risk							
- Borrowings to hedge net investment in foreign operations	–	(265,874)	Borrowings	3,351	(3,351)	A$1: $1.0449	2021– 2022

Trust	Carrying amount: Contractual notional amount $'000	Carrying amount: Assets/ (Liabilities) $'000	Carrying amount: Financial statement line item	Changes in fair value used for calculating hedge ineffectiveness: Hedging instrument $'000	Changes in fair value used for calculating hedge ineffectiveness: Hedged item $'000	Weighted average hedged rate	Maturity date
Cash flow hedges							
Foreign exchange risk							
- Forward currency contracts	28,885	(71)	Derivative financial instruments	(1,246)	1,246	A$1: $1.0030	2019
Interest rate risk							
- Interest rate swaps to hedge floating rate borrowings	1,658,869	(4,890)	Derivative financial instruments	8,839	(8,839)	SOR: 1.92% BBSW: 2.09%	2019 – 2022

<u>Forward currency contracts</u>
Forward currency contracts are used to hedge foreign currency risk arising from the cash flows of the Group's investments in Australia.

The Group designates these forward currency contracts as cash flow hedges which were assessed to be highly effective. A net unrealised loss of $1,246,000 (2017: net unrealised gain of $2,053,000) was included in hedging reserve in Unitholders' funds in respect of these contracts.

<u>Interest rate swaps</u>
Interest rate swaps are used to hedge interest rate risk arising from the underlying floating interest rates of the respective bank loans. Under the interest rate swaps, the Group receives floating interest equal to SOR and A$ bank bill swap rate ("BBSW") at specific contracted intervals and pays fixed rates of interest ranging from 1.41% to 2.48% (2017: 0.88% to 2.48%) per annum.

The Group designates most interest rate swaps as cash flow hedges which were assessed to be highly effective. A net unrealised gain of $11,420,000 (2017: net unrealised loss of $17,244,000) was included in hedging reserve in Unitholders' funds in respect of these contracts. A fair value loss of $490,000 (2017: $2,399,000) was recognised in profit or loss as the interest rate swaps were not designated as hedging instruments.

<u>Cross currency swap</u>
Cross currency swap is used to hedge foreign currency risk arising from cash flow payments for an Australian dollar denominated loan. Under the cross currency swap, the Group receives a fixed SGD amount and pays a fixed A$ amount at inception of the loan, and vice versa upon maturity of the loan. The Group receives floating interest equal to BBSW at specific contract intervals and pays floating interest equal to SOR. A fair value loss of $7,587,000 (2017: $4,245,000) was recognised in profit or loss as the cross currency swap was not designated as a hedging instrument.

14. Income received in advance

Income received in advance comprises mainly rental support and rental income received in advance for certain of the Group's investment properties.

15. Borrowings

		Group			Trust		
	Maturity	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000	**31 December 2018 $'000**	31 December 2017 $'000	1 January 2017 $'000
Current:							
Bank loans (unsecured)	2019	**59,943**	425,039	–	**59,943**	99,967	–
Non-current:							
Revolving loans (secured)	2020	**245,111**	194,656	348,201	**245,111**	194,656	348,201
Borrowings (secured)		**245,111**	194,656	348,201	**245,111**	194,656	348,201
Bank loans (unsecured)	2020 - 2022	**1,338,760**	1,349,948	2,080,312	**63,847**	59,883	159,740
Revolving loans (unsecured)	2021 - 2024	**516,890**	427,538	3,241	**–**	–	–
Medium term notes (unsecured)	2022 - 2024	**125,000**	125,000	50,000	**–**	–	–
Borrowings from subsidiaries (unsecured)		**–**	–	–	**1,450,875**	1,702,382	1,507,960
Borrowings (unsecured)		**1,980,650**	1,902,486	2,133,553	**1,514,722**	1,762,265	1,667,700
Total borrowings		**2,285,704**	2,522,181	2,481,754	**1,819,776**	2,056,888	2,015,901
Percentage of total borrowings to net asset value		**42.8%**	51.3%	50.7%	**46.1%**	52.2%	50.9%

Borrowings of both the Group and the Trust denominated in currencies other than the respective entities' functional currencies amounted to $265,153,000 (2017: $181,651,000). These balances are denominated in Australian dollar.

For the current portion of borrowings, the Group has received commitments from banks to refinance these borrowings when they fall due.

Revolving loans (secured)
Revolving loans amounting to $245,111,000 (2017: $194,656,000) are secured by mortgage over an investment property of the Group (Note 3). The interest rate is at 0.80% + SOR (2017: 0.80% + SOR) per annum. The loans are repayable upon maturity. The Group has entered into interest rate swaps (Note 13) to hedge $245,111,000 (2017: $194,656,000) of the revolving loans that are on floating interest rates.

Bank loans (unsecured)
The Group has entered into interest rate swaps (Note 13) to hedge $1,183,710,000 (2017: $1,403,600,000) of the bank loans that are on floating interest rates. The remaining bank loans of $214,993,000 (2017: $216,462,000) are on floating interest rates and bear interest ranging from 0.64% + SOR to 1.02% + BBSW (2017: 0.64% + SOR to 1.02% + BBSW) per annum.

In the prior year, bank loans of $154,925,000 were on fixed interest rate of 1.85% per annum and were repaid upon maturity.

Revolving loans (unsecured)
Revolving loans bear interest ranging from 0.75% + SOR to 1.20% + BBSW (2017: 0.88% + SOR to 1.20% + BBSW) per annum. The Group has entered into interest rate swaps (Note 13) to hedge $454,563,000 (2017: $273,990,000) of the revolving loans that are on floating interest rates.

Medium term notes (unsecured)
On 11 February 2015, Keppel REIT MTN Pte. Ltd. issued $50,000,000 of medium term notes due in 2022 through the multicurrency debt issuance programme, at a fixed coupon rate of 3.15% per annum.

On 6 April 2017, Keppel REIT MTN Pte. Ltd. issued $75,000,000 of medium term notes due in 2024 through the multicurrency debt issuance programme, at a fixed coupon rate of 3.275% per annum.

Borrowings from subsidiaries (unsecured)
Borrowings from subsidiaries bear interest ranging from 2.47% to 3.36% (2017: 1.36% to 3.36%) per annum and are not due for repayment within the next 12 months.

Unutilised available facilities
As at 31 December 2018, the Group had unutilised facilities of $905,159,000 (2017: $871,368,000) available to meet its future obligations.

16. Deferred tax liabilities

Movement in deferred tax liabilities is as follows:

	Group	
	2018 **$'000**	2017 $'000
Investment properties		
At 1 January	**44,026**	34,808
Translation differences	**(579)**	(1,737)
Tax charged to Consolidated Statement of Profit or Loss (Note 26)	**6,591**	10,955
At 31 December	**50,038**	44,026

Deferred tax liabilities are expected to be settled after one year from the balance sheet date.

17. Units in issue, treasury units and perpetual securities

(a) Units in issue

	No. of units		Amount	
Group and Trust	**Units in issue '000**	**Treasury units '000**	**Units in issue $'000**	**Treasury units $'000**
2018				
At 1 January	**3,370,734**	**–**	**3,530,732**	**–**
Issue of Units:				
- Payment of management fees in Units	**42,987**	**–**	**51,498**	**–**
- Distribution Reinvestment Plan ("DRP")	**7,956**	**–**	**9,707**	**–**
Distribution to Unitholders	**–**	**–**	**(1,348)**	**–**
Purchase of Units	**–**	**(28,278)**	**–**	**(32,822)**
Cancellation of treasury units	**(28,278)**	**28,278**	**(32,822)**	**32,822**
At 31 December	**3,393,399**	**–**	**3,557,767**	**–**
2017				
At 1 January	3,291,616	–	3,456,557	–
Issue of Units:				
- Payment of management fees in Units	47,361	–	50,822	–
- Distribution Reinvestment Plan ("DRP")	31,757	–	34,307	–
Distribution to Unitholders	–	–	(10,954)	–
At 31 December	3,370,734	–	3,530,732	–

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For the financial year ended 31 December 2018

17. Units in issue, treasury units and perpetual securities (continued)

(a) Units in issue (continued)

During the year, the following Units were issued:

- 42,986,667 (2017: 47,360,865) Units were issued at unit prices ranging from $1.1082 to $1.2501 (2017: $1.0152 to $1.1723) as payment of management fees to the Manager; and

- 7,955,743 (2017: 31,757,174) Units were issued at unit prices ranging from $1.1864 to $1.2656 (2017: $1.0004 to $1.1635) pursuant to the DRP where Unitholders have the option to receive their distribution in Units instead of cash or a combination of Units and cash.

Each Unit represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- receive income and other distributions attributable to the Units held;

- participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to transfer to it any assets (or part thereof) or of any estate or interest in any asset (or part thereof) of the Trust; and

- attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or Unitholders representing not less than 10% of the issued Units of the Scheme) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed.

The restrictions of a Unitholder include, *inter alia*, the following:

- a Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and

- a Unitholder has no right to request the Manager to repurchase or redeem his or her Units while the Units are listed on SGX-ST.

The Trust Deed contains provisions designed to limit the liability of a Unitholder to the amount paid or payable for any Unit, and to ensure that no Unitholder, by reason alone of being a Unitholder, will be personally liable to indemnify the Trustee or any creditor of the Group in the event that the liabilities of the Group exceed its assets, if the issue price of the Units held by that Unitholder has been fully paid.

(b) Treasury units

The Manager initiated its Unit buy-back programme in the second half of 2018 following Unitholders' approval of the Unit buy-back mandate at the last annual general meeting.

During the year, 28,277,800 Units were purchased at unit prices ranging from $1.1200 to $1.1900 from the open market and subsequently cancelled.

(c) Perpetual securities

On 2 November 2015, the Trust issued $150,000,000 of subordinated perpetual securities at a fixed rate of 4.98% per annum, with the first distribution rate reset falling on 2 November 2020 and subsequent resets occurring every five years thereafter. The perpetual securities have no fixed redemption date and redemption is at the option of the Trust in accordance with the terms of issue of the securities. The distribution is payable semi-annually at the discretion of the Trust and is non-cumulative.

In terms of distribution payments or in the event of winding-up of the Trust:

- These perpetual securities rank pari passu with the holders of preferred units (if any) and rank ahead of the Unitholders of the Trust, but junior to the claims of all other present and future creditors of the Trust.

- The Trust shall not declare or pay any distribution to the Unitholders, or make redemption, unless the Trust declares or pays any distribution to the perpetual securities holders.

These perpetual securities are classified as equity instruments and recorded in equity in the Statements of Movements in Unitholders' Funds. The $149,701,000 (2017: $149,701,000) presented on the Balance Sheets represent the $150,000,000 (2017: $150,000,000) perpetual securities issued net of issue expenses, and include the profit attributable to perpetual securities holders from the last distribution date.

18. Non-controlling interests

Material non-controlling interests ("NCI") of the Group are as follows:

	NCI percentage of ownership interest and voting interest		Carrying amount of NCI	
	2018 %	2017 %	**2018 $'000**	2017 $'000
Ocean Properties LLP	**~20.10**	~0.10	**428,610**	2,133

Summarised financial information before inter-group elimination:

	Ocean Properties LLP	
	2018 $'000	2017 $'000
Non-current assets	**2,781,727**	2,775,126
Current assets	**12,546**	19,294
Non-current liabilities	**(491,654)**	(493,324)
Current liabilities	**(17,804)**	(27,354)
Net assets	**2,284,815**	2,273,742
Revenue	**114,002**	107,904
Profit for the year	**92,141**	76,176
Other comprehensive income	**2,024**	(3,245)
Total comprehensive income	**94,165**	72,931
Total comprehensive income attributable to NCI	**960**	72
Distribution of partnership profits to NCI	**(882)**	(79)
Net cash flows provided by operating activities	**91,600**	90,663
Net cash flows used in investing activities	**(32)**	(29)
Net cash flows used in financing activities	**(98,692)**	(84,727)

19. Other reserves

	Group				
	2018				2017
	Interest rate risk $'000	**Foreign exchange risk $'000**	**Hedging reserves of associates $'000**	**Total $'000**	Total $'000
(a) Hedging reserve					
At 1 January	**(15,927)**	**1,175**	**(5,719)**	**(20,471)**	(5,494)
Fair value gains/(losses)	**4,121**	**(451)**	**–**	**3,670**	(31,761)
Reclassification to profit or loss, as hedged item has affected profit or loss					
- Trust expenses	**–**	**(795)**	**–**	**(795)**	701
- Borrowing costs	**7,301**	**–**	**–**	**7,301**	15,865
Share of associates' fair value gains	**–**	**–**	**4,462**	**4,462**	214
Less: Non-controlling interests	**(2)**	**–**	**–**	**(2)**	4
	11,420	**(1,246)**	**4,462**	**14,636**	(14,977)
At 31 December	**(4,507)**	**(71)**	**(1,257)**	**(5,835)**	(20,471)

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For the financial year ended 31 December 2018

19. Other reserves (continued)

	Trust			
	2018			2017
	Interest rate risk $'000	Foreign exchange risk $'000	Total $'000	Total $'000
(a) Hedging reserve (continued)				
At 1 January	(13,729)	1,175	(12,554)	(132)
Fair value gains/(losses)	2,753	(451)	2,302	(26,812)
Reclassification to profit or loss, as hedged item has affected profit or loss				
- Trust expenses	–	(795)	(795)	701
- Borrowing costs	6,086	–	6,086	13,689
	8,839	(1,246)	7,593	(12,422)
At 31 December	(4,890)	(71)	(4,961)	(12,554)

	Group	
	2018 $'000	2017 $'000
(b) Foreign currency translation reserve		
At 1 January	(202,110)	(167,302)
Adoption of SFRS(I)	167,302	167,302
At 1 January (restated)	(34,808)	–
Net currency translation differences of financial statements of foreign subsidiaries and joint ventures	(2,249)	(6,683)
Net currency translation differences on hedging instruments designated as net investment hedge of foreign operations	(9,361)	(28,125)
	(11,610)	(34,808)
At 31 December	(46,418)	(34,808)

As at 31 December 2018, losses of $37,233,000 recorded in the foreign currency translation reserve relate to continuing hedges. None of the foreign currency translation reserve relates to hedging relationships for which hedge accounting is no longer applied.

20. Property income

	Group	
	2018 $'000	2017 $'000
Gross rent	146,995	152,864
Car park income	3,542	3,849
Others	15,321	7,803
	165,858	164,516

21. Property expenses

	Group	
	2018 $'000	2017 $'000
Property tax	10,654	11,057
Property management fee	4,419	4,157
Property management reimbursements	1,908	1,898
Marketing expenses	1,477	1,447
Utilities	2,949	2,859
Maintenance	9,957	10,690
Other property expenses	1,339	1,208
	32,703	33,316

22. Rental support

Rental support relates to top-up payments from the vendor in respect of the Group's one-third interest in CBDPL, which holds MBFC Tower 3. In the prior year, this also included top-up payments from the vendor in respect of the Group's approximate 12.39% interest in OPLLP, which holds OFC.

23. Trust expenses

	Group	
	2018 $'000	2017 $'000
Manager's base fees	**42,610**	42,097
Manager's performance fees	**8,653**	8,892
Trustees' fees	**1,695**	1,647
Auditor's remuneration	**271**	275
Professional fees	**674**	1,125
Other trust expenses	**474**	2,422
	54,377	56,458

For the financial years ended 31 December 2018 and 2017, the Manager has elected to receive 100% of base fees and performance fees earned in Units.

24. Borrowing costs

	Group	
	2018 $'000	2017 $'000
Interest expense on borrowings	**66,679**	63,185
Amortisation of capitalised transaction costs	**2,405**	2,071
	69,084	65,256

25. Net change in fair value of investment properties

	Group	
	2018 $'000	2017 $'000
Investment properties held directly by the Group (Note 3)	**23,819**	23,604
Investment properties held by associates (Note 5)	**4,622**	10,627
Investment properties held by joint ventures (Note 6)	**12,579**	26,462
Effects of recognising rental income on a straight-line basis over the lease terms	**(7,853)**	(8,966)
	33,167	51,727

26. Income tax expense

	Group	
	2018 $'000	2017 $'000
Singapore current tax:		
- current year	**1,293**	1,899
- over provision in respect of previous financial years	**(110)**	(80)
Overseas deferred tax:		
- current year	**6,591**	10,955
Overseas withholding tax:		
- current year	**4,583**	4,382
- over provision in respect of previous financial years	**(2,121)**	–
	10,236	17,156
Reconciliation of effective tax:		
Profit before tax	**164,824**	197,310
Income tax using Singapore tax rate of 17% (2017: 17%)	**28,020**	33,543
Effects of:		
- expenses not deductible for tax purposes	**12,244**	12,552
- income not subject to tax	**(17,873)**	(19,678)
- effects of tax rates in foreign jurisdiction	**614**	1,063
- tax transparency	**(15,121)**	(14,626)
- over provision in respect of previous financial years	**(2,231)**	(80)
- withholding tax	**4,583**	4,382
Income tax expense recognised in Consolidated Statement of Profit or Loss	**10,236**	17,156

27. Earnings per unit

The basic earnings per Unit is calculated by dividing profit after tax attributable to Unitholders against the weighted average number of Units in issue during the financial year.

	Group	
	2018 $'000	2017 $'000
Profit after tax attributable to Unitholders	**146,160**	172,608
Profit after tax attributable to Unitholders and excluding net change in fair value of investment properties and related tax expense	**117,539**	131,834
	No. of Units '000	No. of Units '000
Weighted average number of Units in issue during the financial year	**3,397,637**	3,336,887
Basic earnings per Unit based on:		
Profit after tax attributable to Unitholders	**4.30 cents**	5.17 cents
Profit after tax attributable to Unitholders and excluding net change in fair value of investment properties and related tax expense	**3.46 cents**	3.95 cents

The diluted earnings per Unit is the same as the basic earnings per Unit as there are no dilutive instruments in issue during the financial year.

28. Significant related party transactions

During the financial year, other than those disclosed elsewhere in the financial statements, the following significant related party transactions took place at terms agreed between the parties:

	Group	
	2018 $'000	2017 $'000
Acquisition fee paid to the Manager	**–**	3,772
Divestment fee paid to the Manager	**2,686**	–
Trustee's fees	**1,278**	1,263
Property management fees and reimbursements paid/payable to a related company	**6,092**	5,875
Property tax recovered/recoverable from related parties	**–**	69
Leasing commissions paid/payable to a related company	**1,779**	4,259
Service fees paid/payable to a related company	**250**	217
Rental income and other related income from related companies	**6,781**	7,268
Interest income received from associates	**23,193**	19,661
Rental support received from a related company	**8,615**	10,300
Electricity supply provided by a related company	**3,381**	3,480
Telephone and internet services provided by related companies	**8**	9
Aircon supply provided by a related company	**561**	553
Adjustment to one-third interest in an associate	**333**	–
Reimbursement of development costs for one-third interest in an associate	**757**	–

29. Financial risk management objectives and policies

The Group is exposed to credit, interest rate, liquidity, foreign currency and operational risks in the normal course of its business. Assessment of financial risks is carried out regularly by the Manager.

The Manager ascribes importance to risk management and constantly takes initiatives to systematically review the risks it faces and mitigate them. Some of the key risks that the Manager has identified are as follows:

(a) Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Credit assessments on prospective tenants are carried out by way of evaluation of information from corporate searches and conducted prior to the signing of lease agreements. Security deposits are collected from tenants, and the Group's tenant trade sector mix in its property portfolio is actively monitored and managed to avoid excessive exposure to any one potentially volatile trade sector.

The Manager has ensured that appropriate terms and/or credit controls are stipulated in the agreements to ensure that the counterparty fulfils its obligations.

In measuring the lifetime expected credit loss allowance for trade and other receivables, debtors are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the debtor to settle the receivables. Impaired receivables (net of security deposits and bank guarantees) are provided for when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where such receivables are provided for, the Manager continues to engage in enforcement activity to attempt to recover these receivables due. Where recoveries are made, these are recognised in profit or loss.

Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the Balance Sheets.

Credit risk concentration profile

At the reporting date, approximately 25% (2017: 27%) of the Group's trade and other receivables were due from related companies and joint ventures. Concentration of credit risk relating to trade receivables is limited due to the Group's many and varied tenants. The tenants are engaged in diversified businesses and are of good quality and strong credit standing.

Financial assets that are neither past due nor impaired

Trade and other receivables and advances to associates that are neither past due nor impaired relate to creditworthy debtors and counterparties with good payment record. Cash and bank balances are placed and derivative financial instruments are entered into with financial institutions with good credit ratings.

29. Financial risk management objectives and policies (continued)

(b) Interest rate risk

The Group's exposure to changes in interest rates arises primarily from its interest earning financial assets and interest bearing financial liabilities.

The Group constantly monitors its exposure to changes in interest rates of its interest bearing financial liabilities. Interest rate risk is managed on an on-going basis with the primary objective of limiting the extent to which net interest expense can be affected by adverse movements in interest rates through the use of financial instruments or other suitable financial products.

The Group manages interest costs using a mix of fixed and floating rate debts. The details of the interest rates relating to interest earning financial assets and interest bearing financial liabilities are disclosed in Notes 8, 11 and 15 respectively.

Sensitivity analysis

At the reporting date, if the interest rates of borrowings had been 0.1% per annum (2017: 0.1% per annum) higher/lower with all other variables constant, the Group's profit before tax would have been $19,000 (2017: $173,000) lower/higher, and the Group's hedging reserve would have been $3,791,000 (2017: $5,534,000) lower/higher, arising mainly as a result of an increase/decrease in the fair value of interest rate swaps designated as cash flow hedges.

(c) Liquidity risk

The Manager monitors and maintains the Group's cash flow position and working capital to ensure that there are adequate liquid reserves in terms of cash and credit facilities to meet short-term obligations. Steps have been taken to plan for funding and expense requirements so as to manage the cash position at any point of time.

The table below summarises the financial liabilities of the Group and the Trust and their maturity profile at the reporting date based on contractual undiscounted repayment obligations.

	2018				2017			
Group	**1 year or less $'000**	**> 1 year to 5 years $'000**	**> 5 years $'000**	**Total $'000**	1 year or less $'000	> 1 year to 5 years $'000	> 5 years $'000	Total $'000
Trade and other payables	**64,757**	**–**	**–**	**64,757**	56,451	–	–	56,451
Derivative financial instruments:								
– Interest rate swaps (settled net)	**3,161**	**3,811**	**–**	**6,972**	14,808	30,638	636	46,082
– Cross currency swap (settled net)	**(131)**	**3,511**	**–**	**3,380**	–	–	–	–
– Forward currency contracts (gross payments)	**29,004**	**–**	**–**	**29,004**	20,706	–	–	20,706
– Forward currency contracts (gross receipts)	**(28,885)**	**–**	**–**	**(28,885)**	(21,865)	–	–	(21,865)
Security deposits	**4,933**	**18,567**	**8,748**	**32,248**	3,159	20,222	7,453	30,834
Borrowings	**124,179**	**2,198,409**	**177,169**	**2,499,757**	474,633	2,140,517	78,129	2,693,279
	197,018	**2,224,298**	**185,917**	**2,607,233**	547,892	2,191,377	86,218	2,825,487

	2018				2017			
Trust	**1 year or less $'000**	**> 1 year to 5 years $'000**	**> 5 years $'000**	**Total $'000**	1 year or less $'000	> 1 year to 5 years $'000	> 5 years $'000	Total $'000
Trade and other payables	**43,457**	**–**	**–**	**43,457**	34,905	–	–	34,905
Derivative financial instruments:								
– Interest rate swaps (settled net)	**3,305**	**4,099**	**–**	**7,404**	12,263	25,378	636	38,277
– Cross currency swap (settled net)	**(131)**	**3,511**	**–**	**3,380**	–	–	–	–
– Forward currency contracts (gross payments)	**29,004**	**–**	**–**	**29,004**	20,706	–	–	20,706
– Forward currency contracts (gross receipts)	**(28,885)**	**–**	**–**	**(28,885)**	(21,865)	–	–	(21,865)
Security deposits	**1,616**	**2,423**	**1,785**	**5,824**	116	3,982	–	4,098
Borrowings	**110,613**	**1,700,338**	**177,169**	**1,988,120**	464,932	1,640,813	78,129	2,183,874
	158,979	**1,710,371**	**178,954**	**2,048,304**	511,057	1,670,173	78,765	2,259,995

(d) Foreign currency risk

Foreign currency risk arises when transactions are denominated in currencies other than the respective functional currencies of the various entities in the Group and impact the Group's net assets and profit for the year.

The Group's foreign currency risk relates mainly to its exposure from its investments in Australia, and the regular distributable income and interest income from these investments. The Manager monitors the Group's foreign currency exposure on an on-going basis and will manage its exposure to adverse movements in foreign currency exchange rates through financial instruments or other suitable financial products.

The Group has outstanding forward currency contracts with notional amounts totalling $28,885,000 (2017: $21,865,000) (Note 13). As at the reporting date, net financial derivative liabilities of $71,000 (2017: assets of $1,175,000) were recorded on the Balance Sheets based on the net fair value of these forward exchange contracts.

The Group has an outstanding cross currency swap with a notional amount of $99,790,000 (2017: $99,790,000) (Note 13). As at the reporting date, a derivative liability of $3,397,000 (2017: asset of $4,190,000) was recorded on the Balance Sheets based on the net fair value of the cross currency swap.

Sensitivity analysis

At the reporting date, if the Australian dollar strengthened/weakened against the Singapore dollar by 5% (2017: 5%) with all other variables constant, the Group's profit before tax would have been $2,408,000 (2017: $2,263,000) higher/lower, and the Group's hedging reserve would have been $1,448,000 (2017: $1,035,000) lower/higher.

30. Capital management

The primary objective of the Group's capital management is to optimise the Group's funding structure and ensure that it maintains a healthy aggregate leverage.

Under the Property Funds Appendix of the CIS Code, the aggregate leverage should not exceed 45.0% of the Group's deposited properties, regardless whether a credit rating from Fitch Inc., Moody's Investor Services or Standard & Poor's has been obtained for the property fund.

The Group's capital is represented by its Unitholders' funds as disclosed in the Balance Sheets. The Group constantly monitors capital using the aggregate leverage, which is total gross borrowings divided by the value of its deposited properties. The value of the deposited properties refers to the value of the property fund's total assets (excluding restricted cash and bank balances) based on the latest valuation. At the balance sheet date, the Group has gross borrowings (including deferred payments for the construction of Phase 2 of Ocean Financial Centre, Phase 1 of Marina Bay Financial Centre and the Group's respective share of external borrowings carried at ORQPL and CBDPL) totalling $3,043,816,000 (2017: $3,374,565,000) and an aggregate leverage of 36.3% (2017: 38.7%).

31. Fair value of assets and liabilities

(a) Fair value hierarchy

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction other than in a forced or liquidation sale.

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

(i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can assess at the measurement date;
(ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
(iii) Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in their entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

31. Fair value of assets and liabilities (continued)

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group		
	2018 $'000		
	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets			
Derivative financial instruments:			
- Forward currency contracts	30	–	30
- Interest rate swaps	1,505	–	1,505
Financial assets as at 31 December 2018	1,535	–	1,535
Financial liabilities			
Derivative financial instruments:			
- Forward currency contracts	(101)	–	(101)
- Interest rate swaps	(8,317)	–	(8,317)
- Cross currency swap	(3,397)	–	(3,397)
Financial liabilities as at 31 December 2018	(11,815)	–	(11,815)
Non-financial assets			
Investment properties	–	3,879,956	3,879,956
Non-financial assets as at 31 December 2018	–	3,879,956	3,879,956

	Group		
	2017 $'000		
	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets			
Derivative financial instruments:			
- Forward currency contracts	1,175	–	1,175
- Interest rate swaps	22	–	22
- Cross currency swap	4,190	–	4,190
Financial assets as at 31 December 2017	5,387	–	5,387
Financial liabilities			
Derivative financial instruments:			
- Interest rate swaps	(17,765)	–	(17,765)
Financial liabilities as at 31 December 2017	(17,765)	–	(17,765)
Non-financial assets			
Investment properties	–	3,774,870	3,774,870
Non-financial assets as at 31 December 2017	–	3,774,870	3,774,870

	Trust		
	2018 $'000		
	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets			
Derivative financial instruments:			
- Forward currency contracts	30	–	30
- Interest rate swaps	868	–	868
Financial assets as at 31 December 2018	898	–	898
Financial liabilities			
Derivative financial instruments:			
- Forward currency contracts	(101)	–	(101)
- Interest rate swaps	(8,065)	–	(8,065)
- Cross currency swap	(3,397)	–	(3,397)
Financial liabilities as at 31 December 2018	(11,563)	–	(11,563)
Non-financial assets			
Investment properties	–	515,000	515,000
Non-financial assets as at 31 December 2018	–	515,000	515,000

	Trust		
	2017 $'000		
	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets			
Derivative financial instruments:			
- Forward currency contracts	1,175	–	1,175
- Cross currency swap	4,190	–	4,190
Financial assets as at 31 December 2017	5,365	–	5,365
Financial liabilities			
Derivative financial instruments:			
- Interest rate swaps	(15,545)	–	(15,545)
Financial liabilities as at 31 December 2017	(15,545)	–	(15,545)
Non-financial assets			
Investment properties	–	525,000	525,000
Non-financial assets as at 31 December 2017	–	525,000	525,000

31. Fair value of assets and liabilities (continued)

(c) Level 2 fair value measurements

Forward currency contracts, interest rate swaps and cross currency swap are valued using valuation techniques with market observable inputs. The most frequently applied valuation technique includes forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves.

(d) Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3 of the fair value hierarchy.

Description	Fair value as at 31 December 2018 $'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties	3,879,956	Capitalisation approach	Capitalisation rate	3.60% - 5.25%	The higher the rate, the lower the fair value
		Discounted cash flows analysis	Discount rate	6.00% - 6.80%	The higher the rate, the lower the fair value
		Direct comparison method	Transacted prices of comparable properties	$600/sf - $8,200/sf	The higher the price, the higher the fair value

Description	Fair value as at 31 December 2017 $'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties	3,774,870	Capitalisation approach	Capitalisation rate	3.75% - 5.63%	The higher the rate, the lower the fair value
		Discounted cash flows analysis	Discount rate	6.25% - 7.00%	The higher the rate, the lower the fair value
		Direct comparison method	Transacted prices of comparable properties	$600/sf - $8,600/sf	The higher the price, the higher the fair value

The investment properties categorised under Level 3 of the fair value hierarchy are generally sensitive to the various unobservable inputs tabled above. A significant movement of each input would result in a significant change to the fair value of the respective investment properties.

The Group assesses the fair value of investment properties on a yearly basis.

(ii) Valuation policies and procedures

The Group engages external, independent and qualified valuers to determine the fair value of the Group's investment properties at the end of every financial year.

The Manager is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge of valuation of investment properties. In accordance to the CIS Code, the Group rotates the independent valuers every two years.

Management reviews the appropriateness of the valuation methodologies and assumptions adopted by the external valuers.

Significant changes in fair value measurements from period to period are evaluated by management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent external sources, or internal sources if necessary and appropriate. Significant valuation issues are reported to the Audit and Risk Committee.

(e) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The Manager has determined that the carrying amounts of cash and bank balances, trade and other receivables, trade and other payables, security deposits and current borrowings reasonably approximate their fair values. The carrying amounts of advances to associates and floating rate borrowings reasonably approximate their fair values because they are floating rate instruments that are repriced to market interest rates on or near the end of the reporting period.

The fair values of non-current fixed-rate borrowings as at 31 December 2018 and 31 December 2017 are as stated below. They are estimated using discounted cash flows analyses based on current rates for similar types of borrowing arrangements.

	2018		2017	
Group	**Carrying value $'000**	**Fair value $'000**	Carrying value $'000	Fair value $'000
Borrowings (non-current)	**125,000**	**125,327**	125,000	126,829
Trust				
Borrowings (non-current)	**125,000**	**125,327**	125,000	126,829

Fair value information has not been disclosed for the Trust's interest bearing amounts owing by subsidiaries that are carried at cost because their fair values cannot be measured reliably as the amounts have no fixed repayment terms.

(f) Classification of financial instruments

Group	**Financial assets at amortised cost $'000**	**Financial liabilities at amortised cost $'000**
2018		
Assets		
Advances to associates	**615,622**	**–**
Trade and other receivables	**15,056**	**–**
Cash and bank balances	**258,924**	**–**
Total	**889,602**	**–**
Liabilities		
Trade and other payables	**–**	**64,757**
Borrowings	**–**	**2,285,704**
Security deposits	**–**	**32,248**
Total	**–**	**2,382,709**
2017		
Assets		
Advances to associates	613,122	–
Trade and other receivables	8,619	–
Cash and bank balances	198,158	–
Total	819,899	–
Liabilities		
Trade and other payables	–	56,451
Borrowings	–	2,522,181
Security deposits	–	30,834
Total	–	2,609,466

31. Fair value of assets and liabilities (continued)

(f) Classification of financial instruments (continued)

Trust	Financial assets at amortised cost $'000	Financial liabilities at amortised cost $'000
2018		
Assets		
Advances to associates	**615,622**	**–**
Trade and other receivables	**11,269**	**–**
Cash and bank balances	**231,455**	**–**
Total	**858,346**	**–**
Liabilities		
Trade and other payables	**–**	**43,457**
Borrowings	**–**	**1,819,776**
Security deposits	**–**	**5,824**
Total	**–**	**1,869,057**
2017		
Assets		
Advances to associates	613,122	–
Trade and other receivables	12,120	–
Cash and bank balances	155,823	–
Total	781,065	–
Liabilities		
Trade and other payables	–	34,905
Borrowings	–	2,056,888
Security deposits	–	4,098
Total	–	2,095,891

The Group and the Trust have financial liabilities at fair value through profit or loss amounting to $5,704,000 (2017: $1,816,000).

In the prior year, the Group and the Trust had financial assets at fair value through profit or loss amounting to $4,190,000.

32. Portfolio reporting

The Group's business is investing in real estate and real estate-related assets which are predominantly used for commercial purposes. All its existing properties are located in Singapore and Australia.

Discrete financial information is provided to the Board on a property by property basis. The information provided includes net rental (including property income and property expenses) and the value of the investment properties. The Board is of the view that the portfolio reporting is appropriate as the Group's business is in prime commercial properties located in Singapore's and Australia's financial precincts. In making this judgement, the Board considers the nature and location of these properties which are similar for the entire portfolio of the Group.

Investments in One Raffles Quay and Marina Bay Financial Centre are held through one-third interests in ORQPL, BFCDLLP and CBDPL, investments in 8 Chifley Square and David Malcolm Justice Centre are held through 50% interests in M8CT and MOTT, and the information provided below is in relation to the properties.

By property	Group	
	2018 $'000	2017 $'000
Property income		
Bugis Junction Towers	20,391	19,446
Ocean Financial Centre	113,321	107,952
275 George Street[1]	14,785	19,219
8 Exhibition Street[2]	17,361	17,899
Total property income	165,858	164,516
Income contribution		
Bugis Junction Towers	16,145	15,111
Ocean Financial Centre	94,718	89,120
275 George Street[1]	11,135	15,455
8 Exhibition Street[2]	11,157	11,514
Total net property income	133,155	131,200
Ocean Financial Centre:		
– Rental support	–	2,525
One-third interest in ORQPL[3]:		
– Interest income	2,241	1,988
– Dividend income	22,552	26,827
Total income	24,793	28,815
One-third interests in BFCDLLP[4] and CBDPL[4]:		
– Rental support	8,615	10,300
– Interest income	20,952	17,673
– Dividend and distribution income	51,441	66,982
Total income	81,008	94,955
50% interest in M8CT[5]:		
– Distribution income	13,019	13,271
50% interest in MOTT[6]:		
– Distribution income	13,169	13,294
Total income contribution	265,144	284,060

[1] Comprises 50.0% (2017: 50.0%) interest in 275 George Street.
[2] Comprises 50.0% (2017: 50.0%) interest in 8 Exhibition Street office building and a 100.0% (2017: 100.0%) interest in three adjacent retail units.
[3] Comprises one-third (2017: one-third) interest in ORQPL which holds One Raffles Quay.
[4] Comprise one-third (2017: one-third) interests in BFCDLLP and CBDPL which hold Marina Bay Financial Centre Towers 1, 2 and 3 and Marina Bay Link Mall.
[5] Comprises 50.0% (2017: 50.0%) interest in M8CT which holds 8 Chifley Square.
[6] Comprises 50.0% (2017: 50.0%) interest in MOTT which holds David Malcolm Justice Centre.

32. Portfolio reporting (continued)

Reconciliation to profit before net change in fair value of investment properties per Consolidated Statement of Profit or Loss:

	Group	
	2018 $'000	2017 $'000
Total income contribution	**265,144**	284,060
Less: Dividend and distribution income	**(100,181)**	(120,374)
Add: Interest income earned from deposits placed with financial institutions	**1,882**	3,314
Add: Share of results of associates	**73,720**	83,795
Add: Share of results of joint ventures	**30,170**	31,959
Less: Other unallocated expenses	**(139,078)**	(137,171)
Profit before net change in fair value of investment properties	**131,657**	145,583

	Group	
	2018 $'000	2017 $'000
Interests in associates		
One-third interest in ORQPL:		
Investment in associate	**685,264**	687,515
Advances to associate	**47,446**	44,946
	732,710	732,461
One-third interest in BFCDLLP:		
Investment in associate	**1,109,185**	1,105,612
Advances to associate	**568,176**	568,176
	1,677,361	1,673,788
One-third interest in CBDPL:		
Investment in associate	**744,214**	734,715

	Group	
	2018 $'000	2017 $'000
Interests in joint ventures		
50% interest in M8CT:		
Investment in joint venture	**249,282**	247,477
50% interest in MOTT:		
Investment in joint venture	**222,409**	217,619

By geographical area	Group	
	2018 $'000	2017 $'000
Property income		
- Singapore	**133,712**	127,398
- Australia	**32,146**	37,118
Total property income	**165,858**	164,516
Net property income		
- Singapore	**110,863**	104,231
- Australia	**22,292**	26,969
Total net property income	**133,155**	131,200
Income contribution		
- Singapore	**216,664**	230,526
- Australia	**48,480**	53,534
Total income contribution	**265,144**	284,060
Investment properties, at valuation		
- Singapore	**3,142,000**	3,150,630
- Australia	**737,956**	624,240
Total value of investment properties	**3,879,956**	3,774,870

33. Commitments and contingencies

(a) Operating lease commitments – as lessor

The Group leases out its investment properties. Lease arrangements for the Group's Australia-based investment properties include rental escalation clauses. Future minimum rental receivable under non-cancellable operating leases is as follows:

	Group	
	2018 $'000	2017 $'000
Within 1 year	**130,458**	145,213
Between 2 and 5 years	**398,657**	460,459
After 5 years	**913,375**	965,811
	1,442,490	1,571,483

(b) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements is as follows:

	Group		Trust	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
Committed progress payments for investment property under development	**134,201**	216,857	**–**	–

(c) Guarantee

The Trust has provided corporate guarantees amounting to $1,795,625,000 (2017: $1,577,382,000) and $125,000,000 (2017: $125,000,000) to banks for loans taken by subsidiaries and medium term notes issued by a subsidiary respectively.

Notes to the Financial Statements
For the financial year ended 31 December 2018

34. Financial ratios

	2018 %	2017 %
Expenses to weighted average net assets [1]		
- including performance component of Manager's management fees	**1.16**	1.19
- excluding performance component of Manager's management fees	**0.98**	1.00
Total operating expenses to net asset value [2]	**2.8**	2.8
Portfolio turnover rate [3]	**–**	–

[1] The ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to the trust expenses, excluding property expenses, amortisation expense, foreign exchange differences and borrowing costs for the financial year.

[2] The ratio is computed based on the total property expenses as a percentage of net asset value as at the end of the financial year. Total property expenses include the Group's share of property expenses incurred by its associates and joint ventures, and all fees and charges paid to the Manager and related parties for the financial year.

[3] The ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of weighted average net asset value.

35. Subsequent events

On 21 January 2019, the Manager declared a distribution of 1.36 cents per Unit for the period from 1 October 2018 to 31 December 2018.

Additional Information

Interested person transactions

The transactions entered into with interested persons during the financial year which fall under the Listing Manual of the SGX-ST and the Property Funds Appendix of the CIS Code are as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000) FY2018 $'000	Aggregate value of all interested person transactions conducted under Unitholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)[1] FY2018 $'000
Keppel Corporation Limited and its subsidiaries or associates		
- Manager's management fees	51,263	Nil
- Divestment fee	2,686	Nil
- Property management fees and reimbursable	6,087	Nil
- Leasing commissions	1,779	Nil
- Rental support	8,615	Nil
- Adjustment to one-third interest in an associate	333	Nil
- Reimbursement of development costs for one-third interest in an associate	757	Nil
RBC Investor Services Trust Singapore Limited		
- Trustee's fees	1,278	Nil

[1] Keppel REIT does not have a Unitholders' mandate.

The payments of the Manager's management fees, payments of property management fees, reimbursements and leasing commissions to the Property Manager in respect of payroll and related expenses as well as payments of the Trustee's fees pursuant to the Trust Deed have been approved at the extraordinary general meeting of shareholders of Keppel Land held on 11 April 2006, and are therefore not subject to Rules 905 and 906 of the Listing Manual of the SGX-ST. Such payments are not to be included in the aggregate value of total interested person transactions as governed by Rules 905 and 906 of the Listing Manual. In addition, certain other interested person transactions as outlined in the Introductory Document dated 25 March 2006 are deemed to have been specifically approved by the Unitholders and are therefore not subject to Rules 905 and 906 of the Listing Manual insofar, in respect of each such agreement, there is no subsequent change to the rates and/or basis of the fees charged thereunder which will adversely affect Keppel REIT.

Save as disclosed above, there were no other interested person transactions (excluding transactions less than $100,000 each) entered into during FY2018 nor any material contracts entered into by Keppel REIT that involved the interests of the Chief Executive Officer, any Director or controlling Unitholder of Keppel REIT.

Please also see significant related party transactions in Note 28 to the financial statements.

Subscription of Keppel REIT Units

During the financial year ended 31 December 2018, Keppel REIT issued 42,986,667 new Units as payment of the Manager's management fees and 7,955,743 new Units pursuant to the Distribution Reinvestment Plan.

Corporate Governance

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

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

The Manager of Keppel REIT

The Manager has general powers of management over the assets of Keppel REIT. The Manager's main responsibility is to manage the assets and liabilities of Keppel REIT for the benefit of Unitholders. The Manager manages the assets of Keppel REIT with a focus on generating rental income and returns from the investments of Keppel REIT, and ultimately, the distributions, total returns and long term value to the Unitholders.

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

The Manager uses its best endeavours to carry on and conduct its business in a proper and efficient manner and conduct all transactions with, or for Keppel REIT, at arm's length.

Other functions and responsibilities of the Manager include:

1. developing a business plan for Keppel REIT with a view to optimising the distributable income and long term value of Keppel REIT;

2. acquiring, selling, leasing, licensing or otherwise dealing with any real estate in furtherance of the prevailing investment policy and investment strategy that the Manager has for Keppel REIT;

3. supervising and overseeing the management of Keppel REIT's properties (including lease management, systems control, data management and business plan implementation);

4. undertaking regular individual asset performance analysis and market research analysis;

5. managing the finances of Keppel REIT, including accounts preparation, capital management, coordination of the budget process, forecast modelling, performance analysis and reporting, corporate treasury functions and ongoing financial market analysis;

6. ensuring compliance with the applicable provisions of the Companies Act, the Securities and Futures Act and all other relevant legislation of Singapore, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Code on Collective Investment Schemes (including the Property Funds Appendix) (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the tax rulings issued by the Inland Revenue Authority of Singapore on taxation of Keppel REIT and its Unitholders;

7. managing regular communication with Unitholders; and

8. supervising the property managers which perform the day-to-day property management functions (including leasing, accounting, budgeting, marketing, promotion, property management, maintenance and administration) for Keppel REIT's properties, pursuant to the property management agreements signed for the respective properties.

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

The Manager is appointed in accordance with the terms of the Trust Deed dated 28 November 2005, as amended by the Supplemental Deed dated 2 February 2006, the Second Supplemental Deed dated 17 March 2006, the Third Supplemental Deed dated 30 July 2007, the Fourth Supplemental Deed dated 17 October 2007, the Fifth Supplemental Deed dated 19 January 2009, the Sixth Supplemental Deed dated 16 April 2009, a First Amending and Restating Deed dated 19 April 2010, a Supplemental Deed dated 15 October 2012 to the First Amending and Restating Deed, a Second Amending and Restating Deed dated 23 March 2016 and a Supplemental Deed dated 20 April 2018 to the Second Amending and Restating Deed dated 23 March 2016 (collectively, the "Trust Deed"). The Trust Deed outlines certain circumstances under which the Manager can be removed by notice in writing given by the Trustee in favour of a corporation appointed by the Trustee, upon the occurrence of certain events, including if the Unitholders by a resolution duly proposed and passed by a simple majority of Unitholders present and voting at a meeting of Unitholders, with no Unitholder (including the Manager) being disenfranchised, vote to remove the Manager.

The Board's Conduct of Affairs

Principle 1:
Effective Board to lead and control the company

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

The principal functions of the Board are to:

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

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

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

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

The Manager's Constitution permits Board meetings to be held by way of conference via telephone or any other electronic means of communication by which all persons participating are able, contemporaneously, to hear and be heard by all other participants.

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

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

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

Board Composition and Guidance

Principle 2:
Strong and independent element on the Board

The Board consists of six members, four of whom are non-executive independent Directors.

The Board determines on an annual basis, taking into account the views of the NRC, whether or not a Director is independent, bearing in mind the 2012 Code's definition of an "independent director" and guidance as to relationships the existence of which would deem a Director not to be independent, as well as the independence criteria under the Securities and Futures (Licensing and Conduct of Business) Regulations ("SF(LCB) Regulations").

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

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

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

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

The NRC is satisfied that the Board and its Board committees comprise Directors who as a group provide an appropriate balance and diversity of skills, experience, gender, age and knowledge, as well as core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the Board and Board committees to be effective. In this respect, the NRC recognises the merits of gender diversity in relation to the composition of the Board and, in identifying candidates for new appointment to the Board, would consider suitable female candidates. Having said that, gender is but one aspect of diversity and new Directors will continue to be selected based on objective criteria set out as part of the process for appointment of new Directors and Board succession planning. As of 31 December 2018, there were two female Directors out of a total of six Directors on the Board.
The composition of the Board is also determined using the following principles:

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

The number of Board and Board committee meetings held in 2018, as well as the attendance of each Board member at these meetings, are disclosed in the following table:

Director	Board Meetings	Audit and Risk Committee Meetings	Nominating and Remuneration Committee Meetings
Mrs Penny Goh	6	-	2
Mr Lee Chiang Huat	6	4	-
Mr Daniel Chan Choong Seng (resigned w.e.f 1 May 2018)	2/2	2/2	-
Mr Lor Bak Liang	6	4	2
Ms Christina Tan	6	-	1/2
Mr Tan Swee Yiow	6	-	-
Mr Alan Rupert Nisbet	6	4	-
No. of Meetings held in FY2018	6	4	2

Corporate Governance

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

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

Chairman and Chief Executive Officer

Principle 3:

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

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

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

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

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

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

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

Board Membership

Principle 4:

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

Nominating and Remuneration Committee

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

- Mrs Penny Goh (Chairman)
- Ms Christina Tan
- Mr Lor Bak Liang

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

Process for appointment of new Directors and succession planning for the Board

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

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

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

Criteria for appointment of new Directors

All new appointments are subject to the recommendation of the NRC based on the following objective criteria:

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

Endorsement by Unitholders of appointment of Directors

Keppel Capital Holdings Pte Ltd ("Keppel Capital") has on 1 July 2016 provided an undertaking to the Trustee (the "Undertaking") to provide Unitholders with the right to endorse the appointment of each of the Directors by way of an ordinary resolution at the Annual General Meetings ("AGM") of Unitholders. Pursuant to the Undertaking, Keppel Capital undertakes to the Trustee:

(i) to procure the Manager to seek Unitholders' re-endorsement for the appointment of each Director no later than every third AGM after the relevant general meeting at which such Director's appointment was last endorsed or re-endorsed, as the case may be;
(ii) (where a person is appointed as Director, either to fill a vacancy or as an addition to the existing Board, at any time) to procure the Manager to seek Unitholders' endorsement for his or her appointment as a Director at the next AGM immediately following his or her appointment; and
(iii) to procure any person whose appointment as a Director has not been

endorsed or re-endorsed (as the case may be) by the Unitholders at the relevant general meeting where the endorsement or re-endorsement (as the case may be) for his or her appointment was sought, to resign or otherwise be removed from the Board either (1) within 21 days from the date of the relevant general meeting or (2) in the event that the Board determines that a replacement Director has to be appointed, no later than the date when such replacement Director is appointed, and the regulatory approval for such appointment (if any) has been obtained.

The endorsement or re-endorsement from Unitholders of any appointment of any person as a Director shall be by way of an ordinary resolution passed at the relevant general meeting. The Undertaking shall not restrict the Manager or Keppel Capital from appointing any Director from time to time in accordance with applicable laws and regulations (including any applicable rule of the SGX-ST) and the Manager's Constitution.

The Undertaking shall remain in force for so long as:

(a) Keppel Capital remains as the holding company (as defined in the Companies Act) of the Manager; and
(b) Keppel REIT Management Limited remains as the manager of Keppel REIT.

As the appointments of Mr Lee Chiang Huat and Mr Lor Bak Liang as Directors were last endorsed by Unitholders on 15 April 2016, the Manager is seeking the re-endorsement of the appointments of Mr Lee Chiang Huat and Mr Lor Bak Liang at the AGM to be held in 2019.

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

Review of Directors' independence

The NRC is also charged with reviewing the "independence" status of the Directors annually and providing its views to the Board. In this regard and taking into account the views of the NRC, the Board (with each member of the Board abstaining in respect of the determination of his/her independence) has determined that:

(i) Mr Lor Bak Liang (1) has been independent from management and business relationships with the Manager and Keppel REIT, (2) has not been a substantial shareholder of the Manager or a substantial unitholder of Keppel REIT, and (3) has been independent from every substantial shareholder of the Manager and substantial unitholder of Keppel REIT;

(ii) Mr Lee Chiang Huat (1) has been independent from management and business relationships with the Manager and Keppel REIT, and (2) has not been a substantial shareholder of the Manager or a substantial unitholder of Keppel REIT. The Board has also determined that Mr Lee shall nevertheless be considered independent notwithstanding that he is a director of Keppel DC REIT Management Pte Ltd (the manager of Keppel DC REIT) which is a related corporation of the substantial shareholder of the Manager and the substantial unitholder of Keppel REIT, namely Keppel Corporation Limited ("Keppel Corporation"). Taking into consideration (I) Mr Lee having declared that (a) he serves in his personal capacity as an independent non-executive director of Keppel DC REIT Management Pte Ltd (the manager of Keppel DC REIT), and (b) he is not in any employment relationship with the Keppel Group and is not under any obligation to act in accordance with the directions, instructions or wishes of the Keppel Group, and (II) the instances of constructive challenge and probing of management by Mr Lee at the Board and the Board committee meetings of the Manager, the Board is satisfied that Mr Lee is able to act in the best interests of all the unitholders of Keppel REIT as whole;

(iii) Mrs Penny Goh (1) has been independent from the management of the Manager and Keppel REIT, and (2) has not been a substantial shareholder of the Manager or a substantial unitholder of Keppel REIT. The Board has also determined that Mrs Goh shall nevertheless be considered independent notwithstanding that she is (a) Co-Chairman and Senior Partner of Allen & Gledhill LLP ("A&G") which is one of the Singapore law firms providing legal services to Keppel REIT and the Keppel Group, and (b) a director of Mapletree Logistics Trust Management Ltd (the manager of Mapletree Logistics Trust) ("MLT Manager") which is a subsidiary of the substantial shareholder of the Manager and substantial unitholder of Keppel REIT, namely Temasek Holdings (Private) Limited ("Temasek"). Taking into consideration (I) Mrs Goh having declared that (aa) she does not hold a substantial partnership interest in A&G and the legal fees which A&G receives from Keppel Group are insubstantial in relation to A&G's overall revenue, (bb) in relation to A&G's legal work for Keppel REIT, she does not personally represent Keppel REIT in such transactions and is not involved in Keppel REIT's selection and appointment of legal counsel, (cc) she does not regard the business relationship which A&G has with Keppel REIT and the Keppel Group as something which could interfere with or be reasonably regarded as interfering with her exercise of independent judgment and ability to act in the best interests of Keppel REIT as a whole in the discharge of a director's duties, (dd) she serves on the MLT Manager board in her personal capacity as an independent director, and not as a representative or nominee of Temasek, and (ee) she is not in any employment relationship with Temasek and is not under any obligation to act in accordance with the directions, instructions or wishes of Temasek, and (II) the instances of constructive challenge and probing of management by Mrs Goh at the Board and the Board committee meetings of the Manager, the Board is satisfied that Mrs Goh is able to act in the best interests of all the unitholders of Keppel REIT as whole;

(iv) Mr Alan Rupert Nisbet (1) has been independent from management and business relationships with the Manager and Keppel REIT, and (2) has not been a substantial shareholder of the Manager or a substantial unitholder of Keppel REIT. The Board has also determined that Mr Nisbet shall nevertheless be considered independent notwithstanding that he is a director of (a) KrisEnergy Ltd ("KrisEnergy") which is an associated company of the substantial shareholder of the Manager and substantial unitholder of Keppel REIT, namely Keppel Corporation, and (b) Ascendas Property Fund Trustee Pte. Ltd. (the trustee-manager of Ascendas India Trust) ("AI-Trust Manager") which is a subsidiary of the substantial shareholder of the Manager and substantial unitholder of Keppel REIT, namely Temasek. Taking into consideration (I) Mr Nisbet having declared that (aa) he serves on the KrisEnergy board in his personal capacity as an independent director, and not as a representative or nominee of the Keppel Group, (bb) he serves on the AI-Trust Manager board in his personal capacity as an independent director, and not as a representative or nominee of Temasek, and (cc) he is not in any employment relationship with the Keppel Group or Temasek and is not under any obligation to act in accordance with the directions, instructions or wishes of the Keppel Group or Temasek, and (II) the instances of constructive challenge and probing of management by Mr Nisbet at the Board meeting of the Manager, the Board is satisfied that Mr Nisbet is able

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to act in the best interests of all the unitholders of Keppel REIT as whole; and

(v) Ms Christina Tan and Mr Tan Swee Yiow are not considered independent from Keppel Corporation. Ms Tan is the Chief Executive Officer of Keppel Capital and Mr Tan is the Chief Executive Officer of Keppel Land Limited, both being related corporations of Keppel Corporation.

None of the Directors have served on the Board for a continuous period of 9 years or longer.

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

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

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

Pages 12 to 13: Academic and professional qualifications, Board committees served on (as a member or Chairman), date of first appointment as a Director, listed company and other principal directorships both present and past held over the preceding five years and other major appointments, whether appointment is executive or non-executive, and whether considered by the NRC to be independent; and

Page 162: Unitholdings in Keppel REIT as at 21 January 2019.

Board Performance

Principle 5:

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

The Board has implemented formal processes for assessing the effectiveness of the Board as a whole and its Board committees, the contribution by each individual Director to the effectiveness of the Board, as well as the effectiveness of the Chairman of the Board.

To ensure that the assessments are done promptly and fairly, the Board has appointed an independent third party (the "Independent Co-ordinator") to assist in collating and analysing the returns of the Board members. Mr Nelson Tan, director of tax at A Tax Advisor Pte Ltd, was appointed for this role. Mr Tan does not have any other connection with Keppel REIT, the Manager or any of its Directors.

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

The Board assessment exercise provided an opportunity to obtain constructive feedback from each Director on whether the Board's procedures and processes allow him or her to discharge his or her duties effectively and the changes which should be made to enhance the effectiveness of the Board and/or Board committees. The assessment exercise also helped the Directors to focus on their key responsibilities. The individual Director assessment exercise allowed for peer review with a view of raising the quality of Board members. It also assisted the Board in evaluating the skills required by the Board, the size and the effectiveness of the Board as a whole.

Access to Information

Principle 6:

Board members to have complete, adequate and timely information

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

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

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

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

The Directors have separate and independent access to both company secretaries of the Manager. The company secretaries assist the Chairman in ensuring that Board procedures (including but not limited to assisting the Chairman to ensure timely and good information flow to the Board and the Board committees, and between senior management and the Directors) are followed and that the Manager's Constitution and relevant rules and regulations are complied with. At least one of the two company secretaries attends all Board meetings and prepares minutes of the Board proceedings. The appointment and removal of each of the company secretaries are subject to the approval of the Board as a whole.

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

Remuneration Matters

Principle 7:

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

Principle 8:

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

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

Principle 9:
There should be clear disclosure of remuneration policies, level and mix of remuneration, and procedure for setting remuneration

The composition of the NRC has been set out under Principle 4 on page 132. The NRC comprises entirely non-executive Directors, a majority of whom are independent Directors.

The NRC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration and for determining the remuneration packages of individual Directors and key management personnel. The NRC assists the Board to ensure that remuneration policies and practices are sound in that they are able to attract, retain and motivate without being excessive, and thereby maximise Unitholder value. The NRC recommends to the Board for endorsement a framework of remuneration (which covers all aspects of remuneration including Directors' fees, salaries, allowances, bonuses, and grant of Units) and the specific remuneration packages for each Director and key management personnel. The NRC also reviews the remuneration of key management personnel of the Manager and the administration of the Manager's Unit-based incentive plans. In addition, the NRC reviews the Manager's obligations arising in the event of termination of the key management personnel's contract of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The NRC has access to expert advice from external consultants where required. In 2018, the NRC sought views on market practice and trends from external remuneration consultants, namely Aon Hewitt. The NRC undertook a review of the independence and objectivity of the external remuneration consultants through discussions with the external remuneration consultants, and has received confirmation that the external remuneration consultants had no relationships with the Manager which would affect their independence.

Annual Remuneration Report

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

Policy in respect of Non-Executive Directors' remuneration

Each Director is paid a basic fee and an additional fee for services performed on Board committees. The Chairman of the Board and of each Board committee are paid a higher fee compared with members of the Board and of such Board committee in view of the greater responsibility carried by that office. The non-executive Directors participated in additional ad-hoc meetings with management during the year and are not paid for attending such meetings.

In 2017, the NRC, in consultation with Aon Hewitt, conducted a review of the 2017/2018 non-executive Directors' fee structure. The review took into account a variety of factors, including prevailing market practices and referencing Directors' fees against comparable benchmark, as well as the roles and responsibilities of the Board and Board committees. Recognising that Directors have ongoing oversight responsibilities towards the Manager, a revised Directors' fee structure was developed to include payment of Units in Keppel REIT to the Directors. Such incorporation of an equity component in the total remuneration of the non-executive Directors is intended to be an affirmation of the alignment of interests of the non-executive Directors with those of the Unitholders and the long-term interests of Keppel REIT. An all-in-fee had been recommended by Aon Hewitt for the Chairman of the Board in line with the Chairman's role and responsibilities and market practice.

Each of the Directors (including the Chairman) will receive 80% of his/her total Directors' fees in cash and 20% in the form of Units in Keppel REIT. The Directors' fees for Ms Christina Tan will be paid in cash to Keppel Capital.

Remuneration policy in respect of key management personnel

The Manager advocates a performance-based remuneration system that is highly flexible and responsive to the market, corporate and individual performance.

In designing the remuneration structure, the NRC seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate in achieving a balance between current versus long-term remuneration and between cash versus equity incentive remuneration.

In 2016/2017, the NRC undertook a comprehensive review of the total remuneration structure. With the assistance of Aon Hewitt, the NRC revised the total remuneration structure reflecting four key objectives:

(a) Unitholder Alignment: To incorporate performance measures that are aligned to Unitholder's interests
(b) Long-term orientation: To motivate employees to drive sustainable long-term growth
(c) Simplicity: To ensure that the remuneration structure is easy to understand and communicate to stakeholders
(d) Synergy: To facilitate talent mobility and enhance collaboration across businesses

The revised total remuneration mix comprises three components - annual fixed pay, annual performance bonus and long-term incentive. The annual fixed pay component comprises the annual basic salary plus any other fixed allowances which the Manager benchmarks with the relevant industry market data. The size of the Manager's annual performance bonus pot is mainly determined by Keppel REIT's financial and non-financial performance, and is distributed to employees based on individual performance. The long-term incentive is in the form of two Unit plans, being the Restricted Unit Plan ("RUP") and the Performance Unit Plan ("PUP"). A portion of the annual performance bonus is granted in the form of deferred Units that are awarded under the RUP. The PUP comprises performance targets determined on an annual basis and which vest over a longer term horizon. The RUP and PUP are long-term incentive plans of the Manager. Executives who have greater ability to influence strategic outcomes have a greater proportion of their overall remuneration at risk. Eligible employees of the Manager are granted existing Units in Keppel REIT already owned by the Manager. Therefore, no new Units are

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

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

[1] All-in fee for Main Board Chairman

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or will be issued by Keppel REIT to satisfy the grant of the Units under the RUP and/or the PUP as the Units that are granted under these plans will be taken from the Units which are already owned by the Manager.

The NRC exercises broad discretion and independent judgment in ensuring that the amount and mix of remuneration are aligned with the interests of Unitholders and promote the long-term success of Keppel REIT.

The remuneration structure is directly linked to corporate and individual performances, both in terms of financial and non-financial performances. This link is achieved in the following ways:

(1) by placing a significant portion of executive's remuneration at risk ("at risk component") and subject to a vesting schedule;
(2) by incorporating appropriate key performance indicators ("KPIs") for awarding annual cash incentives:
   a. there are four scorecard areas that the Manager has identified as key to measuring its performance:
      i. Financial;
      ii. Process;
      iii. Customers & stakeholders; and
      iv. People;
      Some of the key sub-targets within each of the scorecard areas include key financial indicators, safety goals, risk management, compliance and controls measures, corporate social responsibility activities, employee engagement, talent development and succession planning;
   b. the four scorecard areas have been chosen because they support how the Manager achieves its strategic objectives. The framework provides a link for staff in understanding how they contribute to each area of the scorecard, and therefore to the Manager's overall strategic goals. The NRC reviews and approves the scorecard annually;
(3) by selecting performance conditions for the PUP such as Asset under Management, Distribution per Unit and Total Unitholder Return for equity awards that are aligned with Unitholders' interests;
(4) by requiring those KPIs or conditions to be met in order for the at-risk component of remuneration to be awarded or to vest; and
(5) forfeiture of the at-risk component of remuneration when those KPIs or conditions are not met at a satisfactory level.

The NRC also recognises the need for a reasonable alignment between risk and remuneration to discourage excessive risk taking. Therefore, in determining the remuneration structure, the NRC had taken into account the risk policies and risk tolerance of Keppel REIT and the Manager as well as the time horizon of risks, and incorporated risks-adjustments into the remuneration structure through several initiatives, including but not limited to:

(a) Prudent funding of annual performance bonus;
(b) Granting a portion of the annual performance bonus in the form of deferred Units, to be awarded under the RUP;
(c) Vesting of contingent Unit awards under the PUP being subjected to KPIs and/or performance conditions being met; and
(d) Potential forfeiture of variable incentives in any year due to misconduct.

The NRC is of the view that the overall level of remuneration is not considered to be at a level which is likely to promote behaviours contrary to the Manager's risk profile.

In determining the actual quantum of the variable component of remuneration, the NRC had taken into account the extent to which the performance conditions set forth above, have been met. The NRC is of the view that remuneration is aligned to performance during 2018.

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

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

In order not to adversely affect the Manager's efforts to retain and nurture its talent pool and given the highly competitive conditions in the REIT industry where there is considerable risk of poaching of senior management, the Manager is disclosing the remuneration of the CEO in bands of $250,000, and is not disclosing the aggregate total remuneration paid to the top five key management personnel (who are not Directors or the CEO). The Manager is of the view that such disclosure or non-disclosure (as the case may be) will not be prejudicial to the interests of Unitholders as sufficient information is provided on the Manager's remuneration framework to disclose to Unitholders the link between the remuneration paid to the CEO and its key management personnel, and performance as set out on pages 135 to 137.

Long term incentive plans - KRML Unit Plans

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

The level and mix of each of the Directors' remuneration are set out below:

Name of Director	Base/ Fixed Salary	Variable or performance-related income/bonuses	Directors' Fees[1] (S$)	Benefits-in-Kind
Mrs Penny Goh	-	-	$150,000	-
Mr Lee Chiang Huat	-	-	$102,500	-
Mr Daniel Chan Choong Seng[2]	-	-	$28,178	-
Mr Lor Bak Liang	-	-	$100,000	-
Ms Christina Tan[3]	-	-	$75,000	-
Mr Alan Rupert Nisbet[4]	-	-	$82,877	-

[1] Each of the Directors will receive 80% of his/her total Director's fee in cash and the balance 20% in the form of Units in Keppel REIT.
[2] Mr Daniel Chan ceased to be a member of the Board and the ARC with effect from 1 May 2018. Fees are pro-rated accordingly.
[3] Ms Christina Tan's fees will be paid 100% to Keppel Capital.
[4] Mr Alan Rupert Nisbet was appointed a member of the ARC with effect from 1 February 2018. Fees are pro-rated accordingly.

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

The NRC has the discretion not to award variable incentives in any year if an executive is directly involved in a material restatement of financial statements or in misconduct resulting in restatement of financial statements or financial losses to Keppel REIT or the Manager. Outstanding performance bonuses under the KRML Unit Plans are also subject to the NRC's discretionary review before further payment or vesting can occur.

Remuneration of Employees who are Immediate Family Members of a Director or the Chief Executive Officer

No employee of the Manager was an immediate family member of a Director or the CEO and whose remuneration exceeded $50,000 during the financial year ended 31 December 2018. "Immediate family member" refers to the spouse, child, adopted child, step-child, brother, sister and parent.

Accountability and Audit

Principle 10:
The Board should present a balanced and understandable assessment of the company's performance, position and prospects

Principle 12:
Establishment of Audit Committee with written terms of reference

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

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

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

Audit and Risk Committee

The Audit and Risk Committee ("ARC") has been appointed by the Board from among the Directors of the Manager and comprises three non-executive Directors, all of whom (including the Chairman of the ARC) are independent Directors. The Chairman of the ARC is Mr Lee Chiang Huat and the members are Mr Lor Bak Liang and Mr Alan Rupert Nisbet.

All members of the ARC have accounting or related financial management expertise or experience. Thus, the Board is of the view that all members of the ARC are suitably qualified to assist the Board in areas of internal controls, financial and accounting matters, compliance and risk management, including oversight over management in the design, implementation and monitoring of risk management and internal control systems.

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

The ARC has the authority to investigate any matter within its terms of reference, full access to and cooperation by management and full discretion to invite any Director or executive officer to attend its meetings and reasonable resources to enable it to discharge its functions properly. Keppel REIT's and the Manager's internal audit

The level and mix of the remuneration of the CEO and each of the other key management personnel, in bands of $250,000, are set out below:

Remuneration Band and Names of CEO and Key Management Personnel (1)	Base/ Fixed Salary	Variable or Performance-related income/ bonuses (2)	Benefits-in-kind	Contingent award of units/ shares	
				PUP (3)	RUP (3)
Above S$1,500,000 to S$1,750,000					
Tan Swee Yiow	36%	26%	n.m (4)	17%	21% (5, 6)
Above S$500,000 to $750,000					
Tham Wei Hsing, Paul	40%	36%	n.m (4)	-	24%
Above $250,000 to $500,000					
Toh Wah San	70%	19%	n.m (4)	-	11%
Shirley Ng (7)	59%	31%	n.m (4)	-	10%
Kang Leng Hui (8)	54%	35%	n.m (4)	-	11%

1 The Manager has less than five key management personnel other than the CEO.
2 The NRC is satisfied that the quantum of performance-related bonuses earned by the CEO and key management personnel of the Manager was fair and appropriate taking into account the extent to which their KPIs for 2018 were met.
3 Units awarded under the PUP are subject to pre-determined performance targets set over a three-year performance period. As at 30 April 2018 (being the grant date), the estimated value of each unit granted in respect of the contingent awards under the PUP was $1.24. As at 15 February 2019 (being the grant date for the contingent deferred units under the RUP), the estimated value of each unit granted in respect of the contingent awards under the RUP was $1.16. For the PUP, the figures were based on the value of the PUP units at 100% of the award and the figures may not be indicative of the actual value at vesting which can range from 0% to 150% of the award.
4 "n.m" means not material.
5 As at 15 February 2019 (being the grant date), the estimated value of each Keppel Corporation Limited ("KCL") Restricted Share Plan ("RSP") share granted in respect of the contingent award under the KCL RSP was $5.84.
6 In 2018, Mr Tan Swee Yiow was on secondment from KCL to the Manager as part of Keppel Group's career development framework. As his secondment to the Manager has ended and he has assumed another role with the Keppel Group with effect from 1 January 2019, the long-term incentive awarded to him is in the form of share awards under the KCL RSP. After taking into consideration that Mr Tan's performance for 2018, which is directly linked to the performance of Keppel REIT, was assessed by the NRC of the Manager and that his secondment to the Manager has ended, the NRC is satisfied that there is no potential conflict of interest that may occur in relation to Mr Tan having been granted an award under the KCL RSP.
7 Ms Shirley Ng was appointed Head, Investment on 29 June 2018. The remuneration disclosed is on an annual basis.
8 Ms Kang Leng Hui was appointed Chief Financial Officer on 14 May 2018. The remuneration disclosed is on an annual basis.

functions are performed by Keppel Corporation's Group Internal Audit department ("Group Internal Audit"). Group Internal Audit, together with the external auditor, report their findings and recommendations independently to the ARC.

A total of four ARC meetings were held in 2018. In addition, the ARC met with the external auditor and internal auditor once during the year, without the presence of management.

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

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

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

For 2018, an aggregate amount of $310,000, comprising non-audit service fees of $39,000 and audit service fees of $271,000, was paid/ payable to the external auditor of Keppel REIT and its subsidiaries.

Cognisant that the external auditor should be free from any business or other relationships with Keppel REIT that could materially interfere with its ability to act with integrity and objectivity, the ARC undertook a review of the independence of the external auditor and gave careful consideration to Keppel REIT's relationships with them during 2018. In determining the independence of the external auditor, the ARC reviewed all aspects of Keppel REIT's relationships with it including the processes, policies and safeguards adopted by Keppel REIT and the external auditor relating to auditor independence. The ARC also considered the nature of the provision of the non-audit services in 2018 and the corresponding fees and ensured that the fees for such non-audit services did not impair or threaten auditor independence. Based on the review, the ARC is of the opinion that the external auditor is, and is perceived to be, independent for the purpose of Keppel REIT's statutory financial audit.

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

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

The ARC reviewed the "Whistle-Blower Policy" which provides the mechanisms by which employees and other persons may, in confidence, raise concerns about possible improprieties in financial reporting or other matters, and was satisfied that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action. To facilitate the management of incidences of alleged fraud or other misconduct, the ARC follows a set of guidelines to ensure proper conduct of investigations and appropriate closure actions following completion of the investigations, including administrative, disciplinary, civil and/or criminal actions, and remediation of control weaknesses that perpetrated the fraud or misconduct so as to prevent a recurrence.

In addition, the ARC reviews the Whistle-Blower Policy annually to ensure that it remains current. The details of the Whistle-Blower Policy are set out in pages 144 and 145 of this Annual Report.

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

Risk Management and Internal Controls

Principle 11:

Sound system of risk management and internal controls

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

Risk Assessment and Management of Business Risk

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

The Board met six times in 2018. Management surfaces key risk issues for discussion and confers with the ARC and the Board regularly.

Keppel REIT's Enterprise Risk Management framework ("ERM Framework") provides Keppel REIT and the Manager with a holistic and systematic approach to managing risks. In assessing business risk, the Board takes into consideration the economic environment and the risks relevant to the property industry. The Manager has implemented a systematic risk assessment process to identify business risks and mitigating actions. Details of the Manager's approach to risk management and internal control and the management of key business risks are set out in the "Risk Management" section in pages 157 and 158 of this Annual Report. The Manager is guided by a set of Risk Tolerance Guiding Principles ("Guiding Principles"), details of which are disclosed in page 157 of this Annual Report.

The Manager has in place a framework to evaluate risk management (the "Assessment Framework") which was established to facilitate the Board's assessment on the adequacy and effectiveness of Keppel REIT's and the Manager's risk management system. The framework lays out the governing policies, processes and systems pertaining to each of the key risk areas of Keppel REIT and the Manager, and assessments are made on the adequacy and effectiveness of such policies, processes and systems. The Guiding Principles and Assessment Framework are reviewed and updated annually.

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

Independent Review of Internal Controls

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

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

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

Under the second Line of Defence, Keppel REIT and the Manager are required to conduct a self-assessment exercise on an annual basis. This exercise requires Keppel REIT and the Manager to assess the status of their respective internal controls and risk management via self-assessment questionnaires. Action plans would then be drawn up to remedy identified control gaps. Under Keppel REIT's ERM Framework, significant risk areas are also identified and assessed, with systems, policies and processes put in place to manage and mitigate the identified risks. Regulatory compliance supports and works alongside business management to ensure relevant policies, processes and controls are effectively designed, managed and implemented to ensure compliance risks and controls are effectively managed.

Under the third Line of Defence, the CEO and Chief Financial Officer ("CFO") are required to provide Keppel REIT and the Manager with written assurances as to the adequacy and effectiveness of their system of internal controls and risk management. The internal and external auditors provide added independent assessments of the overall control environment.

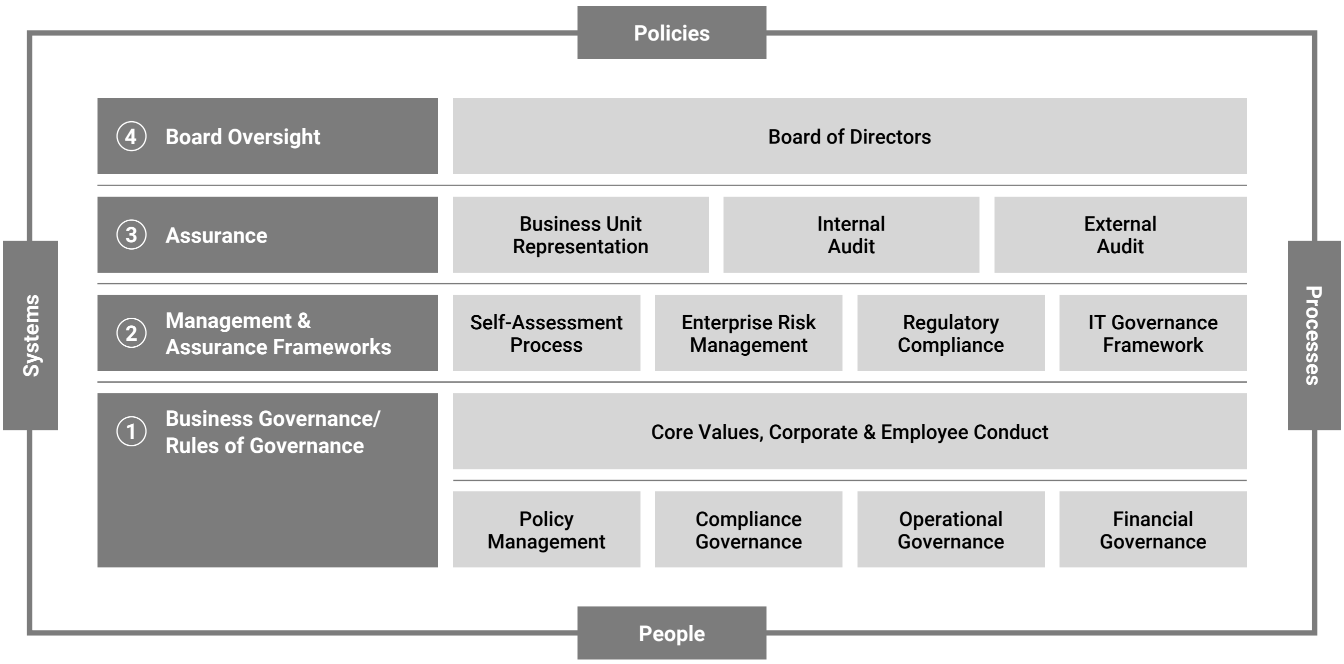
The Board, supported by the ARC, oversees Keppel REIT's and the Manager's system of internal controls and risk management. The Board has received assurances from the outgoing CEO, Mr Tan Swee Yiow (resigned as CEO with effect from 1 January 2019), and the CFO, Ms Kang Leng Hui, that, amongst others:

1. the financial records of Keppel REIT and the Manager have been properly maintained and the financial statements give a true and fair view of the operations and finances of Keppel REIT and the Manager;

2. the internal controls of Keppel REIT and the Manager are adequate and effective to address the financial, operational, compliance and information technology risks which Keppel REIT and the Manager consider relevant and material to its current business scope and environment and that they are not aware of any material weakness in the system of internal controls; and

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

Keppel REIT's System of Management Controls



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Based on the Framework, the internal controls and risk management policies and procedures established and maintained by Keppel REIT and the Manager, and the regular audits, monitoring and reviews performed by the internal auditor and external auditor, the Board, with the concurrence of the ARC, is of the opinion that, taking into account the nature, scale and complexity of Keppel REIT's and the Manager's operations, as at 31 December 2018, Keppel REIT's and the Manager's internal controls and risk management system are adequate and effective in addressing the financial, operational, compliance and information technology risks which Keppel REIT and the Manager consider relevant and material to its current business scope and environment.

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

Internal Audit

Principle 13:

Adequately resourced and independent internal audit function

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

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

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

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

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

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

Principle 14:

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

Principle 15:

Regular, effective and fair communication with Unitholders

Principle 16:

Greater Unitholder participation at Annual General Meetings

In addition to the matters mentioned above in relation to "Access to Information/ Accountability", the Manager maintains regular and two-way communication with Unitholders to share views and address any queries on the REIT's operating performance and business strategies. In 2018, the Manager engaged with a total of 273 analysts and institutional investors through meetings, conference calls, site visits, conferences and roadshows. Apart from local roadshows and conferences, the Manager also participated in meetings in Bangkok, Florida, Hong Kong, London, Melbourne, Seoul, Sydney and Tokyo to engage with global investors. More details of the Manager's investor relations activities and efforts are set out on pages 17 to 19 of this Annual Report.

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

Unitholders are also kept abreast of the latest announcements and updates on Keppel REIT via its corporate website. Unitholders and members of the public can post questions via the feedback and general enquiries webpage, or to the investor relations contact available on the REIT's corporate website www.keppelreit.com.

The Manager has in place an Investor Relations Policy which sets out the principles and practices that the Manager applies when in its outreach to the investment community. The Investor Relations Policy is published on Keppel REIT's corporate website and reviewed regularly to ensure relevance and effectiveness.

Unitholders are informed of Unitholders' meetings through notices of meetings sent to all Unitholders and/or notices published in the newspapers. Unitholders are invited to such meetings to put forth any questions they may have on the motions to be debated and decided upon. If any Unitholder is unable to attend, he or she is allowed to appoint up to two proxies to vote on his or her behalf at the meeting through proxy forms sent in advance. Where a Unitholder is a relevant intermediary (including but not limited to, a nominee company, a custodian bank or a CPF agent bank), such Unitholder may appoint more than one proxy to vote on its behalf at the meeting through proxy forms sent in advance, provided that each proxy must be appointed to exercise the rights attached to
a different Unit or Units held by it (which number of Units and class shall be specified).

At Unitholders' meetings, each distinct issue is proposed as a separate resolution, unless the resolutions are interdependent and linked so as to form one significant proposal. Each resolution at the AGM will be voted on by way of electronic poll voting for Unitholders/ proxies present at the Unitholders' meetings for all the resolutions proposed at the Unitholders' meetings. An announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages will be made after each poll is conducted. The total number of votes cast for or against each resolution and the respective percentages are also announced in a timely manner after the Unitholders' meetings through the SGX-ST via SGXNET.

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

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

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

Securities Transactions

Insider Trading Policy

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

Conflicts of Interests

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

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

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

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

Employee Code of Conduct

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

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

The rules require business to be conducted with integrity, fairly, impartially, in an ethical and proper manner, and in compliance with all applicable laws and regulations. Relevant anti-corruption policies and measures are also set out to protect the business, resources and reputation of the Manager and Keppel REIT. Employees of the Manager must under no circumstances offer, promise, give or authorise the giving, directly or indirectly, or through third parties, of any bribe, kickback, illicit payment, benefit-in-kind or any other advantage to any government official or government entity, private sector customer, supplier, contractor or any other person or entity, as an inducement or reward for an improper performance or non-performance of a function or activity. Similarly, employees of the Manager must not under any circumstances solicit or accept, directly or indirectly, any bribe, kickback, illicit payment, benefit in kind or any other advantage from any government official or government entity, customer, supplier, contractor or any other person or entity that is intended to induce or reward an improper performance or non-performance of a function or activity.

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

Interested Party Transactions

The Manager's Internal Control System

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

As a general rule, the Manager must demonstrate to the ARC that such transactions satisfy the foregoing criteria, which may entail obtaining (where practicable) quotations from parties unrelated to the Manager. In the case of acquisition or disposal of assets undertaken with an Interested Party, the Manager and

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Trustee will obtain two independent valuations of each of those real estate assets (in accordance with the Property Funds Appendix), with one of the valuers commissioned independently by the Trustee. Each of those assets must be acquired from the Interested Party at a price not more than the higher of the two assessed values, or sold to the Interested Party at a price not less than the lower of the two assessed values. The ARC may further choose to appoint an independent financial adviser to evaluate and provide an opinion that the transaction is on normal commercial terms and is not prejudicial to the interests of Keppel REIT and the Unitholders.

Further, the following procedures are undertaken:

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Interested Party during the same financial year) equal to or exceeding \$100,000 in value but below 3.0% of the value of Keppel REIT's net tangible assets will be subject to review by the ARC at regular intervals;
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Interested Party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of Keppel REIT's net tangible assets will be subject to the review and approval of the ARC. Such approval shall only be given if the transactions are on normal commercial terms and are consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager; and
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Interested Party during the same financial year) equal to or exceeding 5.0% of the value of Keppel REIT's net tangible assets will be reviewed and approved, on the basis described in the preceding paragraph, by the ARC which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Further, under the rules of the SGX-ST Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of Unitholders.

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

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

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

Role of the Audit and Risk Committee for Interested Party Transactions

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

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

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

The ARC reviews all Interested Party transactions to ensure compliance with the internal control procedures and with the relevant provisions of the SGX-ST Listing Manual and the Property Funds Appendix. The review includes the examination of the nature of the transaction and if necessary, its supporting documents or such other data deemed necessary by the ARC.

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

Appendix

Board Committees – Responsibilities

A. Audit and Risk Committee

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

(2) Review and report to the Board at least annually the adequacy and effectiveness of the Manager's and Keppel REIT's internal controls, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties).

(3) Review the audit plans and reports of the external auditor and internal auditor, and consider the effectiveness of actions or policies taken by management on the recommendations and observations.

(4) Review the independence and objectivity of the external auditor and internal auditor annually.

(5) Review the nature and extent of non-audit services performed by the external auditor.

(6) Meet with the external auditor and internal auditor, without the presence of management, at least annually.

(7) Make recommendations to the Board on the proposals to Unitholders on the appointment, re-appointment and removal of the external auditor, and approve the remuneration and terms of engagement of the external auditor.

(8) Review the adequacy and effectiveness of the Manager's and Keppel REIT's internal audit function, at least annually.

(9) Ensure that the internal audit function is adequately resourced and has appropriate standing with the Manager and Keppel REIT, at least annually.

(10) Approve the accounting/auditing firm or corporation to which the internal audit function is outsourced, if applicable.

(11) Review the policy and arrangements by which employees of the Manager and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken.

(12) Monitor the procedures in place to ensure compliance with applicable legislation, the SGX-ST Listing Manual and the Code on Collective Investment Schemes (including the Property Funds Appendix).

(13) Review interested person transactions, including ensuring compliance with the provisions of the SGX-ST Listing Manual relating to "interested person transaction" (as defined therein) and the provisions of the Property Funds Appendix relating to "interested party transactions" (as defined therein) (both such type of transactions constituting interested party transactions).

(14) Investigate any matters within the ARC's purview, whenever it deems necessary.

(15) Obtain recommendations on risk tolerance and strategy from management, and where appropriate, report and recommend to the Board for its determination:

(i) the nature and extent of significant risks which the Manager and Keppel REIT may take in achieving its strategic objectives; and

(ii) the overall level of risk tolerance and risk policies.

(16) Review and discuss, as and when appropriate, with management the Manager's and Keppel REIT's risk governance structure and framework including risk policies, risk mitigation and monitoring processes and procedures.

(17) Receive and review quarterly reports from management on major risk exposures and the steps taken to monitor, control and mitigate such exposures.

(18) Review the Manager's capability to identify and manage new risk types.

(19) Review and monitor management's responsiveness to the critical risk and compliance issues and material matters identified and recommendations of the ARC.

(20) Provide timely input to the Board on critical risk issues, material matters, findings and recommendations.

(21) Receive and review updates from Management to assess the adequacy and effectiveness of the Manager's compliance framework in line with relevant laws, regulations and best practices.

(22) Through interactions with the compliance lead who has a direct reporting line to the ARC, review and oversee performance of the Manager's implementation of compliance programmes.

(23) Review and monitor the Manager's approach to ensuring compliance with regulatory commitments, including progress of remedial actions where applicable.

(24) Review the ARC's terms of reference annually and recommend any proposed changes to the Board.

(25) Review and report to the Board annually on the adequacy and effectiveness of the Manager's and Keppel REIT's risk management and internal controls systems, including financial, operational, compliance and information technology controls.

(26) Perform such other functions as the Board may determine.

(27) Sub-delegate any of its powers within its terms of reference as listed above from time to time as the ARC may deem fit.

B. Nominating and Remuneration Committee

(1) Recommend to the Board the appointment/re-appointment of Directors.

(2) Annual review of balance and diversity of skills, experience, gender and knowledge required by the Board, and the size of the Board which would facilitate decision-making.

(3) Annual review of independence of each Director, and to ensure that the Board comprises at least one-third independent Directors.

(4) Decide, where a Director has other listed company board representations and/or other principal commitments, whether the Director is able to and has been adequately carrying out his or her duties as Director.

(5) Recommend to the Board the process for the evaluation of the performance of the Board, the Board committees and individual Directors, and propose objective performance criteria to assess the effectiveness of the Board as a whole and the contribution of each Director.

(6) Annual assessment of the effectiveness of the Board as a whole and individual Directors.

(7) Review the succession plans for the Board (in particular, the Chairman) and senior management (in particular, the CEO).

(8) Review talent development plans.

(9) Review the training and professional development programmes for Board members.

(10) Review and recommend to the Board a framework of remuneration for Board members and key management personnel, and the specific remuneration packages for each Director as well as for the key management personnel.

(11) Review the Manager's obligations arising in the event of termination of the executive Directors' and key management personnel's contracts of service, to ensure that such clauses are fair and reasonable and not overly generous.

(12) Consider whether Directors should be eligible for benefits under long-term incentive schemes (including weighing the use of share schemes against the other types of long-term incentive scheme).

(13) Review the administration of the Manager's long-term incentive schemes in accordance with the rules of such schemes.

(14) Report to the Board on material matters and recommendations.

(15) Review the NRC's terms of reference annually and recommend any proposed changes to the Board.

(16) Perform such other functions as the Board may determine.

(17) Sub-delegate any of its powers within its terms of reference as listed above, from time to time as the NRC may deem fit.

Board Assessment

Evaluation Processes

Board

Each Board member is required to complete a Board Evaluation Questionnaire and send the completed Questionnaire directly to the Independent Co-ordinator. An "Explanatory Note" is attached to the Questionnaire to clarify the background, rationale and objectives of the various performance criteria used in the Board Evaluation Questionnaire with the aim of achieving consistency in the understanding and interpretation of the questions. Based on the returns from each of the Directors, the Independent Co-ordinator prepares a consolidated report and briefs the NRC Chairman and Chairman on the report. Thereafter, the report is presented to and discussed by the Board with regards to changes which should be made to help the Board discharge its duties more effectively.

Individual Directors

In the assessment of the performance of the non-executive Directors, each Director is required to complete the non-executive Directors' assessment form and send the completed form directly to the Independent Co-ordinator. Each non-executive Director is also required to perform a self-assessment in addition to a peer assessment. Based on the returns, the Independent Co-ordinator prepares a consolidated report and briefs the NRC Chairman and Chairman. Following the meeting and if necessary, the NRC Chairman will meet with non-executive Directors individually to provide feedback on their respective performance with a view to improving their board performance.

Chairman

The Chairman Evaluation Form is completed by each non-executive Director (other than the Chairman) and sent directly to the Independent Co-ordinator. Based on the returns from each of the non-executive Directors, the Independent Co-ordinator prepares a consolidated report and briefs the Chairman on the report.

Performance Criteria

The performance criteria for the board evaluation are in respect of board size and composition, board independence, board processes, board information and accountability, management in diversity, board performance in relation to discharging its principal functions and board committee performance in relation to discharging its responsibilities set out in its terms of reference. Based on the responses received, the Board continues to perform and fulfill its duties, responsibilities and performance objectives in accordance with the established Board processes of the Manager.

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

The assessment of the Chairman of the Board is based on his/her ability to lead, whether he/she established proper procedures to ensure the effective functioning of the Board, whether he/she ensured that the time devoted to board meetings was appropriate (in terms of number of meetings held a year and duration of each board meeting) for effective discussion and decision-making by the Board, whether he/she ensured that information provided to the Board was adequate (in terms of adequacy and timeliness) for the Board to make informed and considered decisions, whether he/she guides discussions effectively so that there is timely resolution of issues, whether he/she ensured that meetings are conducted in a manner that facilitates open communication and meaningful participation, and whether he/she ensured that Board committees are formed where appropriate, with clear terms of reference, to assist the Board in the discharge of its duties and responsibilities.

Keppel Whistle-Blower Policy

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

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

a. dishonest, including but not limited to theft or misuse of the resources owned by or under the management of the Manager;
b. fraudulent;
c. corrupt;
d. illegal;
e. other serious improper conduct;
f. an unsafe work practice; or
g. any other conduct which may cause financial or non-financial loss to the Manager or damage to the Manager's reputation.

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

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

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

Reporting Mechanism

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

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

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

All reports and related communications will be documented by the person first receiving the report. The information disclosed should be as precise as possible so as to allow for proper assessment of the nature, extent and urgency of preliminary investigative procedures to be undertaken.

Investigation

Every report received (whether oral or written, and anonymous or otherwise) will be assessed by the Receiving Officer, who will review the information disclosed, interview the Whistle-Blower(s) when required and if contactable and, either exercising his/her own discretion or in consultation with the Investigation Advisory Committee, make recommendations to the ARC Chairman as to whether the circumstances warrant an investigation. If the ARC Chairman or, if the ARC Chairman consults the ARC, the ARC, determines that an investigation should be carried out, the ARC Chairman or, as the case may be, the ARC, shall determine the appropriate investigative process to be employed. The ARC Chairman will use his best endeavours to ensure that there is no conflict of interests on the part of any person involved in the investigations. An Investigation Advisory Committee assists the ARC Chairman with overseeing the investigation process and any matters arising therefrom.

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

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

No Reprisal

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

a. dismissal;
b. demotion;
c. suspension;
d. termination of employment/ contract;
e. any form of harassment or threatened harassment;
f. discrimination; or
g. current or future bias.

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

Nature of Current Directors' Appointments and Membership on Board Committees

		Committee Membership	
Director	**Board Membership**	**Audit and Risk**	**Nominating and Remuneration**
Mrs Penny Goh	Chairman and Independent Director	-	Chairman
Mr Lee Chiang Huat	Independent Director	Chairman	-
Mr Lor Bak Liang	Independent Director	Member	Member
Ms Christina Tan	Non-Executive Director	-	Member
Mr Tan Swee Yiow	Non-Executive Director	-	-
Mr Alan Nisbet	Independent Director	Member	-

Corporate Governance

Rule 720(6) of the Listing Manual of the SGX-ST

The information required under Rule 720(6) read with Appendix 7.4.1 of the Listing Manual in respect of Directors whom the Manager is seeking re-endorsement by Unitholders at the annual general meeting to be held in 2019 is set out below.

Name of Director	Lee Chiang Huat	Lor Bak Liang
Date of Appointment	9 April 2012	9 April 2012
Date of last re-appointment (if applicable)	15 April 2016	15 April 2016
Age	69	61
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The process for succession planning for the Board, appointment of directors, and the seeking of endorsement or re-endorsement of Directors to the Board, is set out in pages 132 to 133 of this Annual Report.	
Whether the appointment is executive, and if so, the area of responsibility	Non-executive	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director and Chairman of the Audit and Risk Committee	Independent Director and Member of the Audit and Risk Committee and the Nominating and Remuneration Committee
Professional qualifications	Bachelor of Business Administration, University of Singapore; Master of Business Administration, University of New South Wales; Master of Social Science (Applied Economics), National University of Singapore	Bachelor of Engineering (Honours), University of Adelaide; Master of Science (Business Administration) and Master of Science (Civil Engineering), National University of Singapore; CFA® Charterholder
Working experience and occupation(s) during the past 10 years	Former Chief Financial Officer of Singapore Petroleum Company Limited and NOR Offshore Ltd	Former Executive Vice President and Head of Asset Management (Asia) in GIC Real Estate Pte Ltd
Shareholding interest in the listed issuer and its subsidiaries	8,400 units in Keppel REIT	119,991 units in Keppel REIT
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No
Conflict of interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments including Directorships - Past (for the last 5 years)	Channoil Asia Pte Ltd; Icurrencies Pte Ltd	Nil
Other Principal Commitments including Directorships - Present	Keppel DC REIT Management Pte. Ltd. (the manager of Keppel DC REIT); Jurong Port Pte Ltd	Werone Connect Pte Ltd
Any prior experience as a director of an issuer listed on the Exchange?	Yes	Yes

Rule 720(6) of the Listing Manual of the SGX-ST

The information required under Rule 720(6) read with Appendix 7.4.1 of the Listing Manual in respect of Directors whom the Manager is seeking re-endorsement by Unitholders at the annual general meeting to be held in 2019 is set out below.

Name of Director	Lee Chiang Huat	Lor Bak Liang
If yes, please provide details of prior experience.	Keppel REIT Management Limited (the manager of Keppel REIT); Keppel DC REIT Management Pte. Ltd. (the manager of Keppel DC REIT)	Keppel REIT Management Limited (the manager of Keppel REIT)
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.	N.A.

Corporate Governance

Code of Corporate Governance 2012
Guidelines for Disclosure

Guideline	Questions	How has the Company complied?
General		
	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	Yes, save in respect of the guidelines on disclosure of remuneration where, in order not to adversely affect the Manager's efforts to retain and nurture its talent pool and given the highly competitive conditions in the REIT industry where there is considerable risk of poaching of senior management, the Manager is disclosing the remuneration of the CEO in bands of S$250,000, and is not disclosing the aggregate total remuneration paid to the top five key management personnel (who are not Directors or the CEO).
	b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	The information under the Annual Remuneration Report in pages 135 to 137 of the Corporate Governance Report discloses to investors the link between remuneration paid to Directors and key management personnel, and performance.
Board Responsibility		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	The Manager has adopted a set of internal guidelines which sets out the financial authority limits for investment/business acquisition and divestment, operating/capital expenditure, capital management, leasing, disposal and write-off of assets and corporate matters that require the approval of the Board.
Members of the Board		
Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	The Nominating and Remuneration Committee (NRC) reviews annually the balance and diversity of skills, experience, gender, age and knowledge required by the Board and the size of the Board which would facilitate decision making. In light of such review and in consultation with management, the NRC assesses if there is any inadequate representation in respect of any of those attributes and if so, prepares a description of the role and the essential and desirable competencies for a particular appointment.
	(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	The NRC is satisfied that the Board and its Board committees comprise Directors who as a group provide an appropriate balance and diversity of skills, experience, gender, age and knowledge, as well as core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the Board and Board committees to be effective. In this respect, the NRC recognises the merits of gender diversity in relation to the composition of the Board and, in identifying candidates for new appointment to the Board, would consider suitable female candidates. Having said that, gender is but one aspect of diversity and new Directors will continue to be selected based on objective criteria set out as part of the process for appointment of new Directors and Board succession planning. As of 31 December 2018, there were two female Directors out of a total of six Directors on the Board.
	(c) What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	There is a process of refreshing the Board progressively. See Guideline 4.6 below on the process for nomination of new directors and Board succession planning.

Code of Corporate Governance 2012
Guidelines for Disclosure

Guideline	Questions	How has the Company complied?
Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	**For new directors** (a) The NRC reviews the balance and diversity of skills, experience, gender and knowledge required by the Board and the size of the Board which would facilitate decision-making. (b) In light of such review and in consultation with management, the NRC assesses if there is any inadequate representation in respect of those attributes and if so, prepares a description of the role and the essential and desirable competencies for a particular appointment. (c) NRC meets with the short-listed candidate(s) to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required. (d) NRC makes recommendations to the Board for approval. **For incumbent directors** The appointment of each of the Directors is subject to endorsement and re-endorsement by Unitholders by way of an ordinary resolution at the Annual General Meetings of Unitholders. The details of the endorsement process are set out on page 132 to 133 of the Corporate Governance Report. The NRC recommends the endorsement and re-endorsement of Directors to the Board for approval, having regard to the Director's contribution and performance (such as attendance, preparedness, participation and candour), with reference to the results of the assessment of the performance of the individual Director.
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why.	Yes, all new directors undergo a comprehensive orientation programme.
	(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	All Directors are provided with continuing education in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, changes in the Companies Act and the CIS Code, and industry-related matters.
Guideline 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	Directors should not have more than six listed company board representations and/or other principal commitments. This serves as a guide and the NRC takes into account other factors in deciding on the capacity of director.
	(b) If a maximum number has not been determined, what are the reasons?	N.A.
	(c) What are the specific considerations in deciding on the capacity of directors?	The NRC takes into account the results of the annual assessment of the effectiveness of the individual director, and the respective directors' actual conduct on the Board, in determining whether a Director with other listed company board representations and/or other principal commitments is able to and has been adequately carrying out his duties as a Director of the Manager.

Corporate Governance

Code of Corporate Governance 2012
Guidelines for Disclosure

Guideline	Questions	How has the Company complied?
Board Evaluation		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	An independent third party (the "Independent Co-ordinator") was appointed to assist in collating and analysing the returns of the Board members for the annual assessment. Mr Nelson Tan, director of tax at A Tax Advisor Pte Ltd, was appointed for this role. Based on the returns from each of the Directors, the Independent Co-ordinator prepared a consolidated report and briefed the Board Chairman on the report. Thereafter, the report was presented to the NRC and discussed by the Board with regards to changes which should be made to help the Board discharge its duties more effectively. The detailed process for the conduct of the assessment is set out on page 144 of the Corporate Governance Report.
	(b) Has the Board met its performance objectives?	Yes
Independence of Directors		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes
Guideline 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.	Mr Lee Chiang Huat is deemed independent by the Board notwithstanding that he is a director of Keppel DC REIT Management Pte Ltd (the manager of Keppel DC REIT) which is a related corporation of the substantial shareholder of the Manager and the substantial unitholder of Keppel REIT, namely Keppel Corporation Limited ("Keppel Corporation"). Mrs Penny Goh is deemed independent by the Board notwithstanding that she is (i) Co-Chairman and Senior Partner of Allen & Gledhill LLP ("A&G") which is one of the Singapore law firms providing legal services to Keppel REIT and the Keppel Group, and (ii) director of Mapletree Logistics Trust Management Ltd (the manager of Mapletree Logistics Trust) which is a subsidiary of the substantial shareholder of the Manager and substantial unitholder of Keppel REIT, namely Temasek Holdings (Private) Limited ("Temasek"). Mr Alan Nisbet is deemed independent by the Board notwithstanding that he is a non-executive director of (i) KrisEnergy Ltd ("KrisEnergy") which is an associated company of the substantial shareholder of the Manager and substantial unitholder of Keppel REIT, namely Keppel Corporation, and (ii) Ascendas Property Fund Trustee Pte. Ltd. (the trustee-manager of Ascendas India Trust) ("AI-Trust Manager") which is a subsidiary of the substantial shareholder of the Manager and substantial unitholder of Keppel REIT, namely Temasek.
	(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	Taking into consideration (I) Mr Lee Chiang Huat having declared that (a) he serves in his personal capacity as an independent non-executive director of Keppel DC REIT Management Pte Ltd (the manager of Keppel DC REIT), and (b) he is not in any employment relationship with the Keppel Group and is not under any obligation to act in accordance with the directions, instructions or wishes of the Keppel Group, and (II) the instances of constructive challenge and probing of management by Mr Lee at the Board and the Board committee meetings of the Manager, the Board is satisfied that Mr Lee is able to act in the best interests of all the unitholders of Keppel REIT as whole.

Code of Corporate Governance 2012
Guidelines for Disclosure

Guideline	Questions	How has the Company complied?
		Taking into consideration (I) Mrs Penny Goh having declared that (a) she does not hold a substantial partnership interest in A&G and the legal fees which A&G receives from Keppel Group are insubstantial in relation to A&G's overall revenue, (b) in relation to A&G's legal work for Keppel REIT, she does not personally represent Keppel REIT in such transactions and is not involved in Keppel REIT's selection and appointment of legal counsel, (c) she does not regard the business relationship which A&G has with Keppel REIT and the Keppel Group as something which could interfere with or be reasonably regarded as interfering with her exercise of independent judgment and ability to act in the best interests of Keppel REIT as a whole in the discharge of a director's duties, (d) she serves on the MLT Manager board in her personal capacity as an independent director, and not as a representative or nominee of Temasek, and (e) she is not in any employment relationship with Temasek and is not under any obligation to act in accordance with the directions, instructions or wishes of Temasek and (II) the instances of constructive challenge and probing of management by Mrs Goh at the Board and the Board committee meetings of the Manager, the Board is satisfied that Mrs Goh is able to act in the best interests of all the unitholders of Keppel REIT as whole. Taking into consideration (I) Mr Alan Rupert Nisbet having declared that (a) he serves on the KrisEnergy board in his personal capacity as an independent director, and not as a representative or nominee of the Keppel Group, (b) he serves on the AI-Trust Manager board in his personal capacity as an independent director, and not as a representative or nominee of Temasek, and (c) he is not in any employment relationship with the Keppel Group or Temasek and is not under any obligation to act in accordance with the directions, instructions or wishes of the Keppel Group or Temasek, and (II) the instances of constructive challenge and probing of management by Mr Nisbet at the Board meeting of the Manager, the Board is satisfied that Mr Nisbet is able to act in the best interests of all the unitholders of Keppel REIT as whole.
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	No
Disclosure on Remuneration		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes. Although the remuneration of the Directors and employees of the Manager is paid by the Manager and not by Keppel REIT, the Manager has disclosed the level and mix of the remuneration of its Directors, CEO and key management personnel on pages 136 and 137 of the Corporate Governance Report. In order not to adversely affect the Manager's efforts to retain and nurture its talent pool and given the highly competitive conditions in the REIT industry where there is considerable risk of poaching of senior management, the Manager is disclosing the remuneration of the CEO in bands of S$250,000.
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes. The level and mix of the remuneration of the CEO and each of the key management personnel, in bands of S$250,000, are set out on page 137 of the Annual Report.

Code of Corporate Governance 2012
Guidelines for Disclosure

Guideline	Questions	How has the Company complied?
	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	The Manager has less than five key management personnel other than the CEO. In order not to adversely affect the Manager's efforts to retain and nurture its talent pool and given the highly competitive conditions in the REIT industry where there is considerable risk of poaching of senior management, the Manager is not disclosing the aggregate total remuneration paid to the top five key management personnel (who are not Directors or the CEO). The Manager is of the view that such disclosure or non-disclosure (as the case may be) will not be prejudicial to the interests of Unitholders as sufficient information is provided on the Manager's remuneration framework to Unitholders in relation to the link between the remuneration paid to the CEO and its key management personnel, and performance as set out on pages 135 to 137.
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	No. There are no such employees.
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria. (b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes? (c) Were all of these performance conditions met? If not, what were the reasons?	The compensation structure is directly linked to Keppel REIT and individual performance, both in terms of financial and non-financial performances, as well as the creation of wealth for Unitholders. This is achieved in the following ways: (1) by placing a significant portion of executive's remuneration at risk ("at-risk component") and in some cases, subject to a vesting schedule; (2) by incorporating appropriate key performance indicators ("KPIs") for awarding of annual cash incentives: a. there are four scorecard areas that the Manager has identified as key to measuring its performance: i. Financial; ii. Process; iii. Customers & stakeholders; and iv. People; Some of the key sub-targets within each of the scorecard areas include key financial indicators, safety goals, risk management, compliance and controls measures, corporate social responsibility activities, employee engagement, talent development and succession planning; b. the four scorecard areas have been chosen because they support how the Manager achieves its strategic objectives. The framework provides a link for staff in understanding how they contribute to each area of the scorecard, and therefore to the Manager's overall strategic goals. The NRC reviews and approves the scorecard annually; (3) by selecting performance conditions such as Asset under Management, Distribution Per Unit and Total Unitholder Return for equity awards that are aligned with Unitholders' interests; (4) by requiring those KPIs or conditions to be met in order for the at-risk components of remuneration to be awarded or to vest; and (5) forfeiture of the at-risk components of remuneration when those KPIs or conditions are not met at a satisfactory level.

Guideline	Questions	How has the Company complied?
		The NRC also recognises the need for a reasonable alignment between risk and remuneration to discourage excessive risk taking. Therefore, in determining the remuneration structure, the NRC had taken into account the risk policies and risk tolerance of the Manager as well as the time horizon of risks, and incorporated risks-adjustments into the remuneration structure through several initiatives, including but not limited to: (a) Prudent funding of annual performance; (b) Granting a portion of the annual performance bonus in the form of deferred Units, to be awarded under the RUP; (c) Vesting of contingent Unit awards under the KRML PUP being subjected to KPIs and/or performance conditions being met; and (d) Potential forfeiture of variable incentives in any year due to misconduct. The NRC is of the view that the overall level of remuneration is not considered to be at a level which is likely to promote behaviours contrary to the Manager's risk profile. In determining the actual quantum of the variable component of remuneration, the NRC had taken into account the extent to which the performance conditions, as set out above, have been met. The NRC is of the view that remuneration is aligned to performance during 2018. In order to align the interests of the CEO and key management personnel with those of the Unitholders, the CEO and key management personnel are remunerated partially in the form of Units owned by the Manager and are encouraged to hold such Units while they remain in the employment of the Manager. Please refer to pages 135 to 137 of the Corporate Governance Report for details.
Risk Management and Internal Controls		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Management provides the Board with relevant and accurate information in a timely manner relating to matters to be brought before the Board, prior to Board meetings and on an ongoing basis. As a general rule, Board papers are required to be sent to Directors at least seven days before each Board meeting. However, sensitive matters may be tabled at the Board meeting itself or discussed without any papers being distributed prior to the Board meeting. Members of the management team who can provide additional insight into the matters at hand would be present at the relevant time during the Board meeting. The Board has separate and independent access to the Manager's senior management for further clarification if required. The information provided to the Board includes financial results, market and business developments, and business and operational information. Such reports keep the Board informed, on a balanced and understandable basis, of Keppel REIT's performance, financial position and prospects. The financial results are also compared against the budgets, together with explanations given for significant variances for the reporting period. Management also surfaces key risk issues for discussion and confers with the ARC and the Board regularly.
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Keppel REIT's and the Manager's internal audit functions are performed by Keppel Corporation Limited's Group Internal Audit department.

Corporate Governance

Code of Corporate Governance 2012
Guidelines for Disclosure

Guideline	Questions	How has the Company complied?
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	The Board oversees Keppel REIT's and the Manager's system of internal controls and risk management with the support from the ARC. The Board's view on the adequacy and effectiveness of Keppel REIT's and the Manager's internal controls and risk management system is based on the framework of management control, the internal control and risk management policies and procedures established and maintained by Keppel REIT and the Manager, and the regular audits, monitoring and reviews performed by the internal auditor and external auditor. The ARC has concurred with this view.
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Yes
Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.	For 2018, an aggregate amount of S$310,000, comprising non-audit service fees of S$39,000 and audit service fees of S$271,000, was paid/payable to Keppel REIT's external auditor.
	(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	The ARC undertook a review of the independence and objectivity of the external auditor through discussions with the external auditor as well as reviewing the non-audit fees awarded to them, and has confirmed that the non-audit services performed by the external auditor would not affect their independence. In determining the independence of the external auditor, the ARC reviewed all aspects of Keppel REIT's relationships with it including the processes, policies and safeguards adopted by Keppel REIT and the external auditor relating to auditor independence. The ARC also considered the nature of the provision of the non-audit services in 2018 and the corresponding fees and ensured that such non-audit fees did not impair or threaten auditor independence. Based on the review, the ARC is of the opinion that the external auditor is, and is perceived to be, independent for the purpose of Keppel REIT's statutory financial audit.
Communication with Shareholders		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	Yes. In 2018, the Manager engaged with a total of 273 analysts and institutional investors through meetings, conference calls, site visits, as well as conferences and roadshows in Singapore, Bangkok, Florida, Hong Kong, London, Melbourne, Seoul, Sydney and Tokyo.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	Yes
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Engagement with Unitholders and other key stakeholders takes several forms including results briefings or teleconferences, corporate announcements, email communications, publications and content on Keppel REIT's website. In addition to Unitholder meetings, senior management also meet with investors, analysts and the media as well as participate in roadshows and conferences organised by major brokerage firms to understand the views of the investment community.
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	N.A.

Code Of Corporate Governance 2012

Specific Principles and Guidelines for Disclosure

Relevant Principle of Guideline	Page Reference
Guideline 1.3 Delegation of authority, by the Board to any board committee, to make decisions on certain board matters	Page 130
Guideline 1.4 The number of meetings of the Board and board committees held in the year, as well as the attendance of every board member at these meetings	Page 131
Guideline 1.5 The type of material transactions that require board approval under guidelines	Pages 130 to 131
Guideline 1.6 The induction, orientation and training provided to new and existing directors	Page 131
Guideline 2.3 The Board should identify in the company's Annual Report each director it considers to be independent. Where the Board considers a director to be independent in spite of the existence of a relationship as stated in the Code that would otherwise deem a director not to be independent, the nature of the director's relationship and the reasons for considering him as independent should be disclosed	Pages 133 to 134
Guideline 2.4 Where the Board considers an independent director, who has served on the Board for more than nine years from the date of his first appointment, to be independent, the reasons for considering him as independent should be disclosed.	Not applicable
Guideline 3.1 Relationship between the Chairman and the CEO where they are immediate family members	Not applicable
Guideline 4.1 Names of the members of the NC and the key terms of reference of the NC, explaining its role and the authority delegated to it by the Board	Pages 132 and 143
Guideline 4.4 The maximum number of listed company board representations which directors may hold should be disclosed	Page 134
Guideline 4.6 Process for the selection, appointment and re-appointment of new directors to the Board, including the search and nomination process	Pages 132 to 133
Guideline 4.7 Key information regarding directors, including which directors are executive, non-executive or considered by the NC to be independent	Pages 12 to 13
Guideline 5.1 The Board should state in the company's Annual Report how assessment of the Board, its board committees and each director has been conducted. If an external facilitator has been used, the Board should disclose in the company's Annual Report whether the external facilitator has any other connection with the company or any of its directors. This assessment process should be disclosed in the company's Annual Report	Pages 134 and 145
Guideline 7.1 Names of the members of the RC and the key terms of reference of the RC, explaining its role and the authority delegated to it by the Board	Pages 132 and 143
Guideline 7.3 Names and firms of the remuneration consultants (if any) should be disclosed in the annual remuneration report, including a statement on whether the remuneration consultants have any relationships with the company	Page 135
Principle 9 Clear disclosure of remuneration policies, level and mix of remuneration, and procedure for setting remuneration	Pages 135 to 137
Guideline 9.1 Remuneration of directors, the CEO and at least the top five key management personnel (who are not also directors or the CEO) of the company. The annual remuneration report should include the aggregate amount of any termination, retirement and post-employment benefits that may be granted to directors, the CEO and the top five key management personnel (who are not directors or the CEO)	Pages 135 to 137
Guideline 9.2 Fully disclose the remuneration of each individual director and the CEO on a named basis. There will be a breakdown (in percentage or dollar terms) of each director's and the CEO's remuneration earned through base/ fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives	Pagse 135 to 137

Corporate Governance

Code Of Corporate Governance 2012
Specific Principles and Guidelines for Disclosure

Relevant Principle of Guideline	Page Reference
Guideline 9.3 Name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S$250,000. There will be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives. In addition, the company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel.	Pages 135 to 137
Guideline 9.4 Details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S$50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant director or the CEO. Disclosure of remuneration should be in incremental bands of S$50,000	Page 137
Guideline 9.5 Details and important terms of employee share schemes	Pages 135 to 137
Guideline 9.6 For greater transparency, companies should disclose more information on the link between remuneration paid to the executive directors and key management personnel, and performance. The annual remuneration report should set out a description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met	Pages 135 to 137
Guideline 11.3 The Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems The commentary should include information needed by stakeholders to make an informed assessment of the company's internal control and risk management systems The Board should also comment on whether it has received assurance from the CEO and the CFO: (a) that the financial records have been properly maintained and the financial statements give true and fair view of the company's operations and finances; and (b) regarding the effectiveness of the company's risk management and internal control systems.	Pages 137 to 140
Guideline 12.1 Names of the members of the AC and the key terms of reference of the AC, explaining its role and the authority delegated to it by the Board	Pages 137 and 142 to 143
Guideline 12.6 Aggregate amount of fees paid to the external auditors for that financial year, and breakdown of fees paid in total for audit and non-audit services respectively, or an appropriate negative statement	Page 138
Guideline 12.7 The existence of a whistle-blowing policy should be disclosed in the company's Annual Report	Pages 144 to 145
Guideline 12.8 Summary of the AC's activities and measures taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements	Pages 137 to 140
Guideline 15.4 The steps the Board has taken to solicit and understand the views of the shareholders e.g. through analyst briefings, investor roadshows or Investors' Day briefings	Pages 140 to 141
Guideline 15.5 Where dividends are not paid, companies should disclose their reasons.	Not applicabe

Risk Management

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

Keppel REIT's ERM Framework, which forms part of Keppel REIT's System of Management Controls, provides a holistic and systematic approach to risk management. It outlines the reporting structure, monitoring mechanisms, specific risk management processes and tools, as well as Keppel REIT's policies and limits in addressing and managing key risks identified. The ERM Framework also allows Keppel REIT to respond promptly and effectively in the constantly evolving business landscape.

Robust ERM Framework
The Manager adopts a five-step risk management process comprising risk identification, risk assessment, formulation of risk mitigation measures, communication and implementation, as well as monitoring and review. The ERM Framework is dynamic and evolves to adapt to the changing business environment.

The risk assessment takes into account both the impact of the risk event and likelihood of occurrence, as well as covers the investment, financial, operational, reputational and other major aspects of Keppel REIT's business. In its risk management process, the Manager utilises tools including risk rating matrices and risk registers.

The Board is responsible for governing risks and ensuring that the Manager maintains a sound risk management system and internal controls to safeguard Unitholders' interests and Keppel REIT's assets. Assisted by the ARC, the Board provides valuable advice to management in formulating various risk policies and guidelines. The terms of reference of the ARC are disclosed on pages 142 and 143 of this Annual Report.

The Board and management of the Manager meet quarterly, or more frequently, when necessary, to review Keppel REIT's performance, assess its current and emerging risks, as well as respond to feedback from the risk and compliance manager and auditors.

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

1. Risks taken should be carefully evaluated, commensurate with rewards, and are in line with Keppel REIT's core strengths and strategic objectives.

5-Step Risk Management Process

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

2. No risk arising from a single area of operation, investment or undertaking should be so huge as to endanger Keppel REIT.

3. Keppel REIT does not condone safety breaches or lapses, non-compliance with laws and regulations, as well as acts such as fraud, bribery and corruption.

The risk management assessment framework also determines the adequacy and effectiveness of the risk management system within Keppel REIT.

In 2018, the Board has assessed and deemed Keppel REIT's risk management system to be adequate and effective in addressing the key risks identified below:

1. **Operational Risk**
   - All operations are aligned with Keppel REIT's strategies to ensure income sustainability and maximise distributable income growth. Measures include prompt lease renewals to reduce rental voids, monitoring of rental payments to minimise rental arrears and bad debts, as well as controlling property expenses to maximise net property income.
   - Standard operating procedures are reviewed regularly and industry best practices are incorporated into daily operations.
   - The Manager actively engages and fosters close relationships with tenants to manage a well-spread lease expiry profile.
   - Business continuity plans are updated and tested regularly to ensure Keppel REIT is able to respond effectively to disruptions resulting from internal and external events, while continuing its critical business functions and minimising impact on its people, assets and building operations.
   - Keppel REIT's assets undergo regular external audits to ensure that safety standards and procedures are implemented and up-to-date.
   - For assets that are co-owned, the Manager works closely with the property managers and co-owners to optimise asset performance and control property expenses. The Manager and co-owners jointly assess and approve all leases and capital expenditures. The Manager also attends regular operational meetings to ensure that Keppel REIT's assets are well-managed.
   - Asset enhancement works are conducted, when applicable, to ensure that the properties remain competitive.

2. **Financing Risk**
   - Liquidity and financing risks are managed in accordance with established guidelines and policies. The Manager proactively monitors its cash flow, debt maturity profile, gearing and liquidity positions, including diversifying its funding sources and managing tenure of

Risk Management

  - borrowings, to ensure a well-staggered debt maturity profile.

- The Manager maintains a robust cash flow position and ensures that there are sufficient working capital lines to meet financial obligations.

3. Exposure to Financial Markets Risk

- The Manager constantly monitors exposure to foreign exchange and interest rates. It utilises various financial instruments, where appropriate, to hedge against such risks.

- As at end 2018, approximately 85% of its borrowings are on fixed rates.

- In 2018, the Manager adhered to its policy and forward-hedged its income from the Australian assets.

4. Credit Risk

- Creditworthiness of tenants is assessed prior to signing of lease agreements. Credit risks are further mitigated through the upfront collection of security deposits, where applicable.

- Systematic rental collection procedures are implemented to ensure regular collection of rents, thereby preventing rental arrears.

5. Investment Risk

- Comprehensive due diligence is conducted prior to any proposed transaction to assess and evaluate potential investment risks. All investment proposals are evaluated objectively based on the Manager's investment criteria, as well as the target asset's specifications, location, expected returns, yield accretion, growth potential and performance sustainability, taking into account the prevailing economic climate and market conditions.

- The Board reviews and approves all investment proposals only after evaluating the feasibilities and risks involved.

- To manage concentration risk, the effect of each proposed transaction on the Singapore-overseas ratio is assessed before any transaction.

- Risks are taken in a considered and controlled manner, exercising the spirit of enterprise and prudence, to earn the optimal risk-adjusted returns on invested capital.

6. Compliance Risk

- As a Capital Markets Services Licence holder, the Manager complies with applicable laws and regulations, including but not limited to the Listing Rules of the SGX-ST - CIS code, Property Funds Appendix and conditions of the Capital Markets Services Licence for REIT Management issued by the MAS under the Securities and Futures Act, as well as the tax rulings issued by the Inland Revenue Authority of Singapore.

- The Manager closely monitors changes in legislations and regulations, as well as new developments in its operating environment.

- Keppel REIT and the Manager undergo regular internal and external audits to ensure that they adhere to relevant policies and processes.

- Recognising that non-compliance with laws and regulations has potential significant reputational and financial impact, particular emphasis is placed on regulatory compliance in all of Keppel REIT's business operations.

7. Emerging Risks

- The Manager monitors evolving or emerging risks.

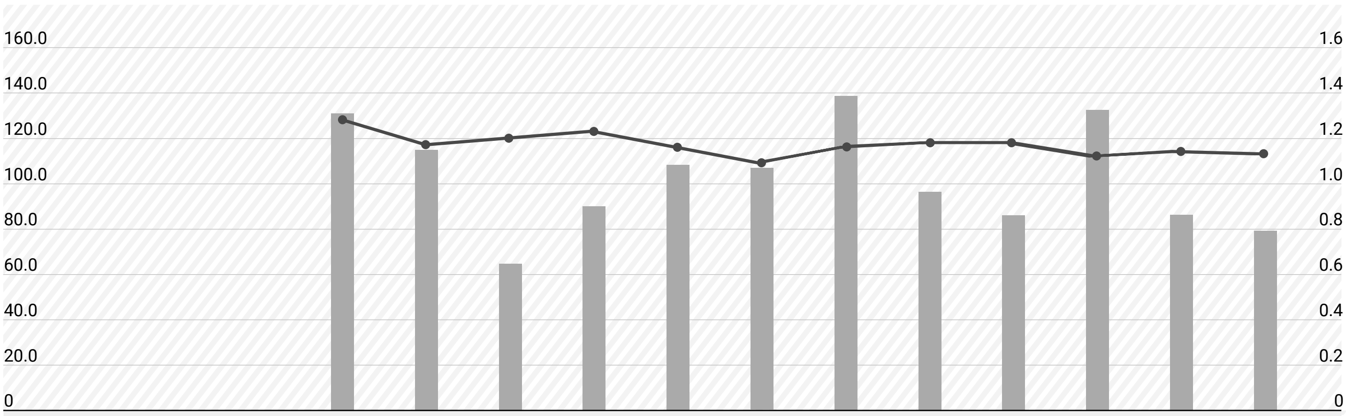
- Cybersecurity is an example of an emerging risk which is monitored closely and actions are taken, when necessary, to prevent and mitigate the risk.

Unit Price Performance

Approximately 1.2 billion Keppel REIT Units were traded in 2018, 6.2%[1] lower than 2017. The Unit closed at $1.14 on 31 December 2018, 9.5%[1] lower than the previous year.

Total Unitholder return in 2018 was -5.1%[2]. 2018 distribution per Unit (DPU) was 5.56 cents, translating to a distribution yield of 4.9% based on the closing price of $1.14 per Unit on 31 December 2018.

2018 Monthly Trading Performance



	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018
Monthly trading volume (million Units)	126.8	116.8	62.6	90.1	105.8	105.5	139.4	93.3	83.2	133.6	83.4	79.2
Month-end closing Unit price ($ per Unit)	1.29	1.18	1.21	1.24	1.17	1.10	1.17	1.19	1.19	1.13	1.15	1.14

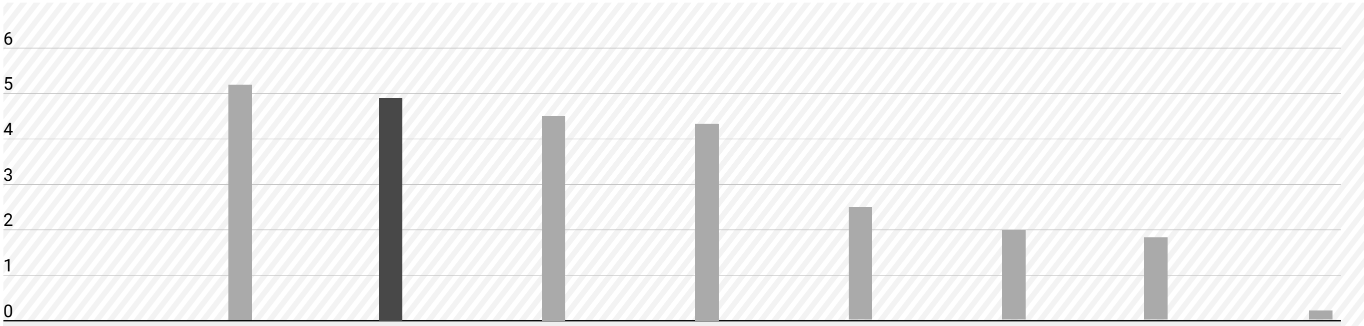
Unit Price Performance

	2018	2017
Highest closing price ($ per Unit)	**1.29**	1.26
Lowest closing price ($ per Unit)	**1.10**	1.01
Average closing price ($ per Unit)	**1.18**	1.13
Closing price as at the last trading day of the year ($ per Unit)	**1.14**	1.26
Trading volume (million Units)	**1,219.7**	1,300.6

1 Based on the one-year cumulative traded volume and last Unit trading price as at 31 December 2018, compared to 31 December 2017.
2 Based on the Unit prices as at the respective year-ends and distributions for 2018.

Unit Price Performance

Comparative Yields (%)
as at 31 December 2018



FTSE ST REIT Index	**Keppel REIT [1]**	FTSE ST RE Index	STI	CPF Ordinary Account	10-year SG Govt Bond	5-year SG Govt Bond	Bank Savings Deposit Rate
5.1%	**4.9%**	4.5%	4.4%	2.5%	2.0%	1.9%	0.2%

[1] Based on Keppel REIT's total DPU of 5.56 cents for 2018 and the market closing price of $1.14 per Unit as at 31 December 2018.

Sources: Bloomberg, Monetary Authority of Singapore, Central Provident Fund and Singapore Government Securities

Unit Price Performance Against Indices
for the period from 1 January 2018 to 31 December 2018

Keppel REIT	-9.5%
FTSE ST REIT Index	-9.2%
FTSE ST RE Index	-12.5%
STI	-9.8%

Statistics of Unitholdings

As at 4 March 2019

Issued and Fully Paid Units

3,404,214,300 Units (Voting rights : 1 vote per Unit)

There is only one class of Units in Keppel REIT.

Market capitalisation of $4,255,267,875 based on market closing price of S$1.250 per Unit on 4 March 2019.

Distribution of Unitholdings

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 - 99	4,620	10.03	261,778	0.01
100 - 1,000	16,440	35.69	7,801,244	0.23
1,001 - 10,000	16,902	36.69	68,593,890	2.01
10,001 - 1,000,000	8,063	17.50	348,438,768	10.24
1,000,001 and above	44	0.10	2,979,118,620	87.51
Total	**46,069**	**100.00**	**3,404,214,300**	**100.00**

Twenty Largest Unitholders

No.	Name	No. of Units	%
1	Keppel REIT Investment Pte Ltd	1,476,216,367	43.36
2	Citibank Nominees Singapore Pte Ltd	465,643,258	13.68
3	DBS Nominees (Private) Limited	374,607,161	11.00
4	DBSN Services Pte. Ltd.	138,629,583	4.07
5	Keppel Capital Investment Holdings Pte Ltd	132,736,031	3.90
6	Raffles Nominees (Pte.) Limited	102,736,064	3.02
7	HSBC (Singapore) Nominees Pte Ltd	90,810,356	2.67
8	BPSS Nominees Singapore (Pte.) Ltd.	42,429,302	1.25
9	United Overseas Bank Nominees (Private) Limited	19,350,639	0.57
10	Keppel REIT Management Limited	16,347,681	0.48
11	Phillip Securities Pte Ltd	10,710,249	0.31
12	OCBC Securities Private Limited	9,050,490	0.27
13	OCBC Nominees Singapore Private Limited	8,525,897	0.25
14	DB Nominees (Singapore) Pte Ltd	7,290,498	0.21
15	UOB Kay Hian Private Limited	7,280,847	0.21
16	Merrill Lynch (Singapore) Pte. Ltd.	5,458,614	0.16
17	NTUC Fairprice Co-Operative Ltd	5,439,735	0.16
18	BNP Paribas Nominees Singapore Pte. Ltd.	5,334,745	0.16
19	Ong Kay Eng	5,263,676	0.15
20	DBS Vickers Securities (Singapore) Pte Ltd	5,195,669	0.15
	Total	**2,929,056,862**	**86.04**

Statistics of Unitholdings

The Manager's Directors' Unitholdings

Based on the Register of Directors' Unitholdings maintained by the Manager, as at 21 January 2019, the direct and deemed interests of each Director in the Units[1] in Keppel REIT are as follows:

Name of Director	No. of Units
Penny Goh	151,008 (Direct)
Lee Chiang Huat	8,400 (Direct)
Lor Bak Liang	119,991 (Direct)
Christina Tan	2,000 (Direct)
Tan Swee Yiow	1,238,458 (Direct)
Alan Nisbet	1,200 (Deemed)[2]

[1] As at 21 January 2019, there are no convertible securities in Keppel REIT.
[2] Mr Nisbet has a deemed interest in Units held by his spouse.

Substantial Unitholders

Based on the Register of Substantial Unitholders' Unitholdings maintained by the Manager as at 4 March 2019, the direct and deemed interests of each Substantial Unitholders of Keppel REIT in the Units in Keppel REIT are as follows:

Name	No. of Units	%
Temasek Holdings (Private) Limited	1,640,299,584 (Deemed)[1]	48.18
Keppel Corporation Limited	1,625,300,079 (Deemed)[2]	47.74
Keppel Land Limited	1,476,216,367 (Deemed)[3]	43.36
Keppel Land (Singapore) Pte. Ltd.	1,476,216,367 (Deemed)[4]	43.36
Keppel REIT Investment Pte. Ltd.	1,476,216,367 (Direct)	43.36

Notes:

(1) Temasek Holdings (Private) Limited's deemed interest arises from the deemed interest held by Keppel Corporation Limited and other associated companies of Temasek Holdings (Private) Limited.

(2) Keppel Corporation Limited's deemed interest arises from its shareholdings in (i) Keppel Capital Investment Holdings Pte. Ltd. and Keppel REIT Management Limited, both of which are wholly-owned subsidiaries of Keppel Corporation Limited held through Keppel Capital Holdings Pte. Ltd. and (ii) Keppel REIT Investment Pte. Ltd., a wholly-owned subsidiary of Keppel Corporation Limited held through Keppel Land (Singapore) Pte. Ltd. and Keppel Land Limited.

(3) Keppel Land Limited's deemed interest arises from its shareholdings in Keppel REIT Investment Pte. Ltd., a wholly-owned subsidiary of Keppel Land (Singapore) Pte. Ltd. which is in turn a subsidiary of Keppel Land Limited.

(4) Keppel Land (Singapore) Pte. Ltd.'s deemed interest arises from its shareholdings in Keppel REIT Investment Pte. Ltd., a wholly-owned subsidiary of Keppel Land (Singapore) Pte. Ltd.

Public Unitholders

Based on the information available to the Manager as at 4 March 2019, approximately 51.77% of the issued Units in Keppel REIT is held by the public and therefore, pursuant to Rules 1207 and 723 of the Listing Manual of the SGX-ST, it is confirmed that at least 10% of the issued Units in Keppel REIT is at all times held by the public.

Treasury Units

As at 4 March 2019, there are no treasury units held by Keppel REIT or the Manager.

Corporate Information

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Phone: +65 6236 3388
Fax: +65 6236 3300
(Partner-in-charge: Mr Yeow Chee Keong)
(With effect from financial year ended 31 December 2016)

The Manager
Keppel REIT Management Limited (A member of Keppel Capital Holdings Pte. Ltd.)
Registered Address
1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632
Phone: +65 6803 1818
Fax: +65 6803 1717
Website: www.keppelreit.com

Principal Business Address
1 HarbourFront Avenue
Level 2 Keppel Bay Tower
Singapore 098632

Investor Relations Contact:
Phone: +65 6803 1649
Email: investor.relations@keppelreit.com

Unit Registrar and Unit Transfer Office
Boardroom Corporate & Advisory Services Pte. Ltd. (A member of Boardroom Limited)
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Phone: +65 6536 5355
Fax: +65 6536 1360

For updates or change of mailing address, please contact:
The Central Depository (Pte) Limited
9 North Buona Vista Drive
#01-19/20 The Metropolis
Singapore 138588
Phone: +65 6535 7511
Fax: +65 6535 0775
Email: asksgx@sgx.com
Website: https://www2.sgx.com/securities/retail-investor

Joint Company Secretaries
Mr Kelvin Chua

Mr Marc Tan Weiqiang

Directors of The Manager
Mrs Penny Goh
Chairman and
Independent Director

Mr Lee Chiang Huat
Independent Director

Mr Lor Bak Liang
Independent Director

Ms Christina Tan
Non-Executive Director

Mr Tan Swee Yiow
Non-Executive Director

Mr Alan Rupert Nisbet
Independent Director

Audit and Risk Committee
Mr Lee Chiang Huat
(Chairman)

Mr Lor Bak Liang

Mr Alan Rupert Nisbet

Nominating and Remuneration Committee
Mrs Penny Goh
(Chairman)

Ms Christina Tan

Mr Lor Bak Liang

Notice of Annual General Meeting

Keppel REIT

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

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of the holders of units of Keppel REIT (the "**Unitholders**") will be held at Suntec Singapore Convention and Exhibition Centre, Nicoll 1-3, Level 3, 1 Raffles Boulevard Suntec City, Singapore 039593 on Tuesday, 23 April 2019 at 10.30 a.m. to transact the following business:

(A) As Ordinary Business

1. To receive and adopt the Report of RBC Investor Services Trust Singapore Limited, as trustee of Keppel REIT (the "**Trustee**"), the Statement by Keppel REIT Management Limited, as manager of Keppel REIT (the "**Manager**"), and the Audited Financial Statements of Keppel REIT for the financial year ended 31 December 2018 and the Auditor's Report thereon. (**Ordinary Resolution 1**)

2. To re-appoint Messrs PricewaterhouseCoopers LLP as the Auditor of Keppel REIT to hold office until the conclusion of the next AGM of Keppel REIT, and to authorise the Manager to fix their remuneration. (**Ordinary Resolution 2**)

3. To re-endorse the appointments of the following directors of the Manager ("**Directors**") pursuant to the undertaking dated 1 July 2016 provided by Keppel Capital Holdings Pte. Ltd. ("**Keppel Capital**") to the Trustee:

   (a) Mr Lee Chiang Huat (**Ordinary Resolution 3**); and

   (b) Mr Lor Bak Liang (**Ordinary Resolution 4**).

   (Please see Explanatory Notes).

(B) As Special Business

To consider and, if thought fit, to pass with or without any modifications, the following resolutions:

4. That authority be and is hereby given to the Manager to:

   (a) (i) issue units in Keppel REIT ("**Units**") whether by way of rights, bonus or otherwise and including any capitalisation of any sum for the time being standing to the credit of any of Keppel REIT's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution; and/or

   (ii) make or grant offers, agreements or options that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units (collectively, "**Instruments**"),

   at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and

   (b) issue Units in pursuance of any Instrument made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),

   provided that:

   (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution and any adjustment effected under any relevant Instrument) shall not exceed fifty per cent (50%) of the total number of issued Units (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro rata basis to Unitholders (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution and any adjustment effected under any relevant Instrument) shall not exceed twenty per cent (20%) of the total number of issued Units (as calculated in accordance with sub-paragraph (2) below);

   (2) subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the total number of issued Units shall be based on the total number of issued Units at the time this Resolution is passed, after adjusting for:

   (a) any new Units arising from the conversion or exercise of any convertible securities or options which are outstanding or subsisting at the time this Resolution is passed; and

   (b) any subsequent bonus issue, consolidation or subdivision of Units;

(3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST (the "**Listing Manual**") for the time being in force (unless such compliance has been waived by the SGX-ST) and the trust deed dated 28 November 2005 constituting Keppel REIT (as amended) (the "**Trust Deed**") for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);

(4) (unless revoked or varied by the Unitholders in a general meeting) the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next AGM of Keppel REIT or (ii) the date by which the next AGM of Keppel REIT is required by applicable regulations to be held, whichever is earlier;

(5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and

(6) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider necessary, expedient, incidental or in the interest of Keppel REIT to give effect to the authority conferred by this Resolution. (**Ordinary Resolution 5**)

(Please see Explanatory Notes).

5. That:

(a) the exercise of all the powers of the Manager to repurchase issued Units for and on behalf of Keppel REIT not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Manager from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market repurchase(s) on the SGX-ST and/or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted; and/or

(ii) off-market repurchase(s) in accordance with any equal access scheme(s) as may be determined or formulated by the Manager as it considers fit in accordance with the Trust Deed,

and otherwise in accordance with all applicable laws and regulations including the rules of the SGX-ST or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted, be and is hereby authorised and approved generally and unconditionally (the "**Unit Buy-Back Mandate**");

(b) (unless revoked or varied by the Unitholders in a general meeting) the authority conferred on the Manager pursuant to the Unit Buy-Back Mandate may be exercised by the Manager at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next AGM of Keppel REIT is held;

(ii) the date by which the next AGM of Keppel REIT is required by applicable laws and regulations or the Trust Deed to be held; or

(iii) the date on which repurchases of Units pursuant to the Unit Buy-Back Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"**Average Closing Price**" means the average of the closing market prices of the Units over the last five Market Days, on which transactions in the Units were recorded, immediately preceding the date of the market repurchase or, as the case may be, the date of the making of the offer pursuant to the off-market repurchase, and deemed to be adjusted for any corporate action that occurs after the relevant five Market Days;

"**date of the making of the offer**" means the date on which the Manager makes an offer for an off-market repurchase, stating therein the repurchase price (which shall not be more than the Maximum Price for an off-market repurchase) for each Unit and the relevant terms of the equal access scheme for effecting the off-market repurchase;

"**Market Day**" means a day on which the SGX-ST and/or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted, is open for trading in securities;

"**Maximum Limit**" means that number of Units representing 5% of the total number of issued Units as at the date of the passing of this Resolution; and

Notice of Annual General Meeting

"**Maximum Price**" in relation to a Unit to be repurchased, means the repurchase price (excluding brokerage, stamp duty, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(i) in the case of a market repurchase of a Unit, 105% of the Average Closing Price of the Units; and

(ii) in the case of an off-market repurchase of a Unit, 110% of the Average Closing Price of the Units; and

(d) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of Keppel REIT to give effect to the transactions contemplated and/or authorised by this Resolution. (**Ordinary Resolution 6**)

(Please see Explanatory Notes).

(C) As Other Business

6. To transact such other business as may be transacted at an AGM.

BY ORDER OF THE BOARD
Keppel REIT Management Limited
(Company Registration Number: 200411357K)
As Manager of Keppel REIT

Kelvin Chua
Marc Tan Weiqiang
Joint Company Secretaries
Singapore
1 April 2019

EXPLANATORY NOTES:

1. **Ordinary Resolutions 3 and 4**
Keppel Capital had on 1 July 2016 provided an undertaking (the "**Undertaking**") to the Trustee:

    - to procure the Manager to seek Unitholders' re-endorsement for the appointment of each Director no later than every third AGM of Keppel REIT after the relevant general meeting at which such Director's appointment was last endorsed or re-endorsed, as the case may be;
    - (where a person is appointed as Director, either to fill a vacancy or as an addition to the existing Directors, at any time) to procure the Manager to seek Unitholders' endorsement for his appointment as a Director at the next AGM of Keppel REIT immediately following his appointment; and
    - to procure any person whose appointment as a Director has not been endorsed or re-endorsed (as the case may be) by the Unitholders at the relevant general meeting of Keppel REIT where the endorsement or re-endorsement (as the case may be) for his appointment was sought, to resign or otherwise be removed from the Board of Directors of the Manager either (i) within 21 days from the date of the relevant general meeting or (ii) in the event that the Board of Directors of the Manager determines that a replacement Director has to be appointed, no later than the date when such replacement Director is appointed, and the regulatory approval for such appointment (if any) has been obtained.

    The endorsement or re-endorsement from Unitholders of any appointment of any person as a Director shall be by way of an ordinary resolution passed at the relevant general meeting. The Undertaking shall not restrict the Manager or Keppel Capital from appointing any Director from time to time in accordance with applicable laws and regulations (including any applicable rule of the SGX-ST) and the Constitution of the Manager.

    The Undertaking shall remain in force for so long as:

    - Keppel Capital remains as the holding company (as defined in the Companies Act of Singapore, Chapter 50 of Singapore) of the Manager; and
    - Keppel REIT Management Limited remains as the manager of Keppel REIT.

    As the appointments of Mr Lee Chiang Huat and Mr Lor Bak Liang were last endorsed by Unitholders on 15 April 2016, the Manager is seeking the re-endorsement of the appointments of Mr Lee Chiang Huat and Mr Lor Bak Liang at the AGM to be held in 2019.

    Detailed information on Mr Lee Chiang Huat and Mr Lor Bak Liang can be found in the "Board of Directors" section in Keppel REIT's Report to Unitholders 2018.

    Mr Lee Chiang Huat will, upon endorsement, continue to serve as an Independent Director and Chairman of the Audit and Risk Committee.

    Mr Lor Bak Liang will, upon endorsement, continue to serve as an Independent Director and a member of the Audit and Risk Committee and the Nominating and Remuneration Committee.

2. **Ordinary Resolution 5**
The Ordinary Resolution 5 above, if passed, will empower the Manager from the date of this AGM until (i) the conclusion of the next AGM of Keppel REIT; (ii) the date on which the next AGM of Keppel REIT is required by applicable regulations to be held, or (iii) the date on which such authority is revoked or varied by the Unitholders in a general meeting, whichever is the earliest (the "**Mandated Period**"), to issue Units, to make or grant Instruments and to issue Units pursuant to such Instruments, up to a number not exceeding 50% of the total number of issued Units of which up to 20% may be issued other than on a pro rata basis to Unitholders.

    The Ordinary Resolution 5 above, if passed, will empower the Manager to issue Units, during the Mandated Period, as either full or partial payment of fees which the Manager is entitled to receive for its own account pursuant to the Trust Deed.

    To determine the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the total number of issued Units at the time the Ordinary Resolution 5 above is passed, after adjusting for new Units arising from the conversion or exercise of any convertible securities or options which are outstanding or subsisting at the time the Ordinary Resolution 5 is passed and any subsequent bonus issue, consolidation or subdivision of Units.

    Fund raising by issuance of new Units may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Unitholders is required under the Listing Manual, the Trust Deed or any applicable laws and regulations in such instances, the Manager will then obtain the approval of Unitholders accordingly.

3. **Ordinary Resolution 6**
The Ordinary Resolution 6 above, if passed, will empower the Manager from the date of the AGM of Keppel REIT until (i) the date on which the next AGM of Keppel REIT is held, (ii) the date by which the next AGM of Keppel REIT is required by applicable laws and regulations or the Trust Deed to be held, or (iii) the date on which the repurchases of Units pursuant to the Unit Buy-Back Mandate are carried out to the full extent mandated, whichever is the earliest, to exercise all the powers to repurchase issued Units for and on behalf of Keppel REIT not exceeding in aggregate 5% of the total number of Units as at the date of the passing of this Resolution, whether by way of market repurchase(s) or off-market repurchase(s), on the terms of the Unit Buy-Back Mandate set out in the Appendix unless such authority is revoked or varied by the Unitholders in a general meeting.

    (See the Appendix in relation to the proposed Unit Buy-Back Mandate for further details.)

Important Notice:

1. A Unitholder who is not a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder.
2. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.
3. A Unitholder who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than one proxy to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed in the Proxy Form (as defined below).

    "**relevant intermediary**" means:

    (i) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;

    (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds Units in that capacity; or

    (iii) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. The instrument appointing a proxy or proxies (the "**Proxy Form**") must be deposited at the Manager's registered office at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 not later than 20 April 2019 at 10.30 a.m., being 72 hours before the time fixed for the AGM.

Personal Data Privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM of Keppel REIT and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the AGM of Keppel REIT (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM of Keppel REIT (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

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Proxy Form

Keppel REIT

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

IMPORTANT:
1. A relevant intermediary (as defined in the Notes Overleaf) may appoint more than one proxy to attend and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF monies to buy units in Keppel REIT ("Units"), this Report is forwarded to them at the request of their CPF Agent Banks/SRS Operators and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
4. A CPF/SRS investor who wishes to attend the Annual General Meeting as proxy has to submit his/her request to his/her CPF Agent Bank/SRS Operator so that his/her CPF Agent Bank/SRS Operator may appoint him/her as its proxy within the specified timeframe. (CPF Agent Bank/SRS Operator: Please refer to Notes 2 and 4 on the reverse side of this form on the required details.)

PLEASE READ THE NOTES TO THE PROXY FORM.

Personal data privacy

By submitting an instrument appointing a proxy or proxy(ies) and/or representative(s), a unitholder of Keppel REIT accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 1 April 2019.

Annual General Meeting

I/We ____
(Name(s) and NRIC Number(s)/Passport Number(s)/Company Registration Number)

of ____ (Address)
being a Unitholder/Unitholders of Keppel REIT, hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Unitholdings	
			No. of Units	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Unitholdings	
			No. of Units	%

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and if necessary, to demand a poll, at the Annual General Meeting of Keppel REIT to be held at Suntec Singapore Convention and Exhibition Centre, Nicoll 1-3, Level 3, 1 Raffles Boulevard Suntec City, Singapore 039593 on Tuesday, 23 April 2019 at 10.30 a.m., and any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Annual General Meeting.

No.	Resolutions	Number of Votes For*	Number of Votes Against*
Ordinary Business			
1.	To receive and adopt the Trustee's Report, the Manager's Statement, the Audited Financial Statements of Keppel REIT for the year ended 31 December 2018 and the Auditor's Report thereon		
2.	To re-appoint Messrs PricewaterhouseCoopers LLP as the Auditor of Keppel REIT and authorise the Manager to fix the Auditor's remuneration		
3.	To re-endorse the appointment of Mr Lee Chiang Huat as Director		
4.	To re-endorse the appointment of Mr Lor Bak Liang as Director		
Special Business			
5.	To authorise the Manager to issue Units and to make or grant convertible instruments		
6.	To approve the renewal of the Unit Buy-Back Mandate		

* If you wish to exercise all your votes "For" or "Against" the relevant Resolution, please mark with an "X" within the relevant box provided.
Alternatively, if you wish to exercise your votes for both "For" and "Against" the relevant Resolution, please indicate the number of Units in the boxes provided.

Dated this __________ day of ____________________ 2019

____
Signature(s) of Unitholder(s) / Common Seal of Corporate Unitholder

Total Number of Units Held

IMPORTANT : Please read the notes overleaf before completing this Proxy Form.

Fold and glue all sides firmly

Fold and glue all sides firmly

Fold and glue all sides firmly

Notes to the Proxy Form

1. A unitholder of Keppel REIT ("**Unitholder**") who is not a relevant intermediary entitled to attend and vote at the Annual General Meeting ("**AGM**") is entitled to appoint one or two proxies to attend and vote in his or her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he or she specifies the proportion of his or her holding (expressed as a percentage of the whole) to be represented by each proxy.

2. A Unitholder who is a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint more than one proxy to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, it should annex to the Proxy Form (defined below) the proxy, or the list of proxies, setting out, in respect of each proxy, the name, address, NRIC/Passport Number and proportion of unitholding (number of units and percentage) in relation to which the proxy has been appointed. For the avoidance of doubt, a CPF Agent Bank/SRS Operator who intends to appoint CPF/SRS investors as its proxies shall comply with this Note.

   "**relevant intermediary**" means:
   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds Units in that capacity; or
   (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

3. A Unitholder should insert the total number of Units held in the Proxy Form (defined below). If the Unitholder has Units entered against his or her name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), he or she should insert that number of Units. If the Unitholder has Units registered in his or her name in the Register of Unitholders of Keppel REIT, he or she should insert that number of Units. If the Unitholder has Units entered against his or her name in the said Depository Register and registered in his or her name in the Register of Unitholders, he or she should insert the aggregate number of Units. If no number is inserted, the Proxy Form will be deemed to relate to all the Units held by the Unitholder.

Fold along this line (1)

Keppel REIT

Affix
Postage
Stamp

The Company Secretaries
Keppel REIT Management Limited
(as Manager of Keppel REIT)
1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632

Fold along this line (2)

4. The instrument appointing a proxy or proxies (the "**Proxy Form**") must be deposited at the Manager's registered office at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 not less than 72 hours before the time set for the AGM.

5. The Proxy Form must be executed under the hand of the appointor or of his or her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

6. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed, or a duly certified copy of such power of attorney must (failing previous registration with the Manager) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.

7. The Manager and the Trustee shall have the right to reject any Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager: (a) may reject any Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his or her name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by CDP to the Manager; and (b) shall be entitled and bound to accept as accurate the number of Units entered against the name of that Unitholder as shown in the Depository Register as at a time not earlier than 72 hours prior to the time of the AGM, supplied by CDP to the Trustee and to accept as the maximum number of votes which in aggregate that Unitholder and his or her proxy/ies (if any) are able to cast on poll a number which is the number of Units entered against the name of that Unitholder as shown in the Depository Register, whether that number is greater or smaller than that specified by the Unitholder or in the Proxy Form.

8. All Unitholders will be bound by the outcome of the AGM regardless of whether they have attended or voted at the AGM.

9. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he/she is the Unitholder. There shall be no division of votes between a Unitholder who is present in person and voting at the AGM and his/her proxy(ies). A person entitled to more than one vote need not use all his/her votes or cast them the same way.

Keppel REIT Management Limited
1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632

Tel: (65) 6803 1818
Fax: (65) 6803 1717
www.keppelreit.com

Co Reg No: 200411357K