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

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**KEPPEL REIT MTN PTE. LTD.**

(formerly known as K-REIT Asia MTN Pte. Ltd.)
(Incorporated in the Republic of Singapore on 24 November 2008)
(UEN/Company Registration No. 200822093D)

S\$1,000,000,000**Multicurrency Medium Term Note Programme
(the "MTN Programme")****Unconditionally and irrevocably guaranteed by
RBC Investor Services Trust Singapore Limited****(in its capacity as trustee of Keppel REIT (formerly known as K-REIT Asia))**

This Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of notes (the "**Notes**") to be issued from time to time by Keppel REIT MTN Pte. Ltd. (formerly known as K-REIT Asia MTN Pte. Ltd.) (the "**Issuer**") pursuant to the MTN Programme may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

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

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

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

All sums payable in respect of the Notes are unconditionally and irrevocably guaranteed by RBC Investor Services Trust Singapore Limited (in its capacity as trustee of Keppel REIT (formerly known as K-REIT Asia)) (the "**Guarantor**" or the "**Keppel REIT Trustee**").

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

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

Arranger

**CITICORP INVESTMENT BANK (SINGAPORE) LIMITED**

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NOTICE

Citicorp Investment Bank (Singapore) Limited (the “**Arranger**”) has been authorised by the Issuer to arrange the MTN Programme described herein. Under the MTN Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Notes denominated in Singapore dollars and/or any other currencies. The payment of all amounts payable in respect of Notes issued by the Issuer will be unconditionally and irrevocably guaranteed by the Guarantor.

This Information Memorandum contains information with regard to the Issuer, the Guarantor, Keppel REIT, the Keppel REIT Manager (as defined herein), their respective subsidiaries (if any) and the Notes and the Guarantee (as defined herein). The Issuer, having made all reasonable enquiries, confirms that this Information Memorandum contains all information which is or may be material in the context of the MTN Programme, the issue and offering of the Notes and the giving of the Guarantee, that the information contained herein relating to the Issuer and Keppel REIT is true and accurate in all material respects, the opinions, expectations and intentions expressed in this Information Memorandum have been carefully considered, and that there are no other facts the omission of which in the context of the issue and offer of the Notes would or might make any such information or expressions of opinion, expectation or intention misleading in any material respect. The Guarantor confirms that this Information Memorandum constitutes true and accurate disclosure of all material facts about Keppel REIT, itself (in its personal capacity as well as in its capacity as trustee of Keppel REIT) and the assets of Keppel REIT set out under (i) the following sub-sections under the section entitled “*Keppel REIT*” of this Information Memorandum — “*Overview*” and “*Keppel REIT’s Property Portfolio Key Statistics*” and (ii) the following sub-sections under the section entitled “*Structure and Organisation of Keppel REIT*” of this Information Memorandum — “*Operational Structure*”, “*The Keppel REIT Trust Deed*”, “*The Keppel REIT Trustee*” and “*Termination of Keppel REIT*” (collectively, the “**Keppel REIT Sections**”) and there are no other facts the omission of which in the context of the issue and offer of the Notes would or might make any such information under the Keppel REIT Sections misleading in any material respect. The Keppel REIT Manager, having made all reasonable enquiries, confirms that this Information Memorandum contains all information (other than the Keppel REIT Sections) which is or may be material in the context of the MTN Programme and the issue and offering of the Notes, that the information contained herein (other than the Keppel REIT Sections) is true and accurate in all material respects, the opinions, expectations and intentions expressed in this Information Memorandum have been carefully considered, and that there are no other facts (other than the Keppel REIT Sections) the omission of which in the context of the issue and offering of the Notes would or might make any such information or expressions of opinion, expectation or intention misleading in any material respect. The Keppel REIT Manager accepts full responsibility for the information (other than the Keppel REIT Sections) contained in this Information Memorandum.

Notes may be issued in series having one or more issue dates and the same maturity date, and on identical terms (including as to listing) except (in the case of Notes other than variable rate notes (as described under “*Summary of the MTN Programme*”)) for the issue dates, issue prices and/or the dates of the first payment of interest, or (in the case of variable rate notes) for the issue prices and rates of interest. Each series may be issued in one or more tranches on the same or different issue dates. The Notes will be issued in bearer form and may be listed on a stock exchange. The Notes will initially be represented by either a temporary global note or a permanent global note which will be deposited on the issue date with either CDP (as defined herein) or a common depository on behalf of Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”) or otherwise delivered as agreed between the Issuer and the relevant Dealer (as defined herein). To the extent that any Series (as defined herein) or Tranche (as defined herein) of Notes are to be deposited with a clearing system other than CDP, relevant documentation will be entered into with relevant parties and the appointment of additional agents will be made prior to the issuance of such Notes to effect the deposit of such Notes with the relevant clearing system. Interests in a temporary global note will

be exchangeable, in whole or in part, for interests in a permanent global note or definitive notes (as indicated in the applicable Pricing Supplement (as defined herein)) on or after the date 40 days after the later of the commencement of the offering and the relevant issue date, upon certification as to non-U.S. beneficial ownership. Subject to compliance with all relevant laws, regulations and directives, the Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer and may be subject to redemption or purchase in whole or in part. The Notes will bear interest at a fixed, floating, variable or hybrid rate or may not bear interest or may be such other notes as may be agreed between the Issuer and the relevant Dealer. The Notes will be repayable at par, at a specified amount above or below par or at an amount determined by reference to a formula, in each case with terms as specified in the Pricing Supplement (as defined herein) issued in relation to each series or tranche of Notes (the "**Redemption Amount**"). Details applicable to each series or tranche of Notes will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

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

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

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

The Notes have not been, and will not be, registered under the Securities Act (as defined herein) and includes Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons.

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

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

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

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

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme or the issue of the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Guarantor, the Keppel REIT Manager, the Notes Trustee, the Arranger or any of the Dealers or their respective Related Entities (if any) that any recipient of this Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Notes. A prospective purchaser and/or subscriber shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Issuer, Keppel REIT and their respective Related Entities (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Issuer and Keppel REIT and their respective Related Entities (if any). Accordingly, notwithstanding anything herein, no representation, warranty or undertaking express or implied is made and none of the Notes Trustee, the Arranger, any of the Dealers or any of their respective officers, employees or agents shall be held responsible or liable as to the accuracy or completeness of the information contained in this Information Memorandum or any other information provided by the Issuer or the Keppel REIT Manager in connection with the Notes or their distribution and the Guarantor or any of their respective officers, employees or agents shall not be held responsible or liable as to the accuracy or completeness of the information contained in this Information Memorandum (save for the information set out in the Keppel REIT Sections) whether in connection with the Notes or their distribution or otherwise, and the Keppel REIT Manager or any of their respective officers, employees or agents shall not be held responsible or liable as to the accuracy or completeness

of the information contained in the Keppel REIT Sections. Save as aforesaid, none of the Issuer, the Guarantor, the Keppel REIT Manager, the Notes Trustee, the Arranger nor any of the Dealers nor any of their respective officers, employees or agents shall be held responsible or liable for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Notes by a recipient of this Information Memorandum or such other document or information (or such part thereof).

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

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

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

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

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

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

FORWARD-LOOKING STATEMENTS

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

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

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

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

DEFINITIONS

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

“8 Chifley Square Interest”	:	Keppel REIT’s 50.0% interest in 8 Chifley Square through a 50.0% interest in the issued units of Mirvac 8 Chifley Trust.
“9M2011”	:	The nine months ended 30 September 2011.
“9M2012”	:	The nine months ended 30 September 2012.
“Agency Agreement”	:	The Agency Agreement dated 19 January 2009 between (1) the Issuer, as issuer, (2) the Guarantor, as guarantor, (3) the Issuing and Paying Agent, as issuing and paying agent, (4) the Agent Bank, as agent bank, and (5) the Notes Trustee, as trustee, as amended, varied or supplemented from time to time.
“Agent Bank”	:	Citicorp Investment Bank (Singapore) Limited.
“Arranger”	:	Citicorp Investment Bank (Singapore) Limited.
“associated entity”	:	An entity in which at least 20% but not more than 50% of its interests are held by Keppel REIT or the Group.
“Business Day”	:	A day (other than Saturday or Sunday) on which commercial banks are open for business in Singapore.
“CBD”	:	The Central Business District.
“CDP”	:	The Central Depository (Pte) Limited.
“CIS Code”	:	The Code on Collective Investment Schemes issued by the MAS (as amended or modified from time to time) pursuant to section 321 of the SFA.
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.
“Couponholders”	:	The holders of the Coupons.
“Coupons”	:	The interest coupons appertaining to an interest bearing definitive Note.
“Dealers”	:	Persons appointed as dealers under the MTN Programme.
“Depositors”	:	Persons holding the Notes in securities accounts with CDP.
“Directors”	:	The directors (including alternate directors, if any) of the Issuer or the Keppel REIT Manager, as the case may be, as at the date of this Information Memorandum.

“Extraordinary Resolution”	:	A resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders duly convened under the provisions of the Keppel REIT Trust Deed.
“FY”	:	Financial Year ended or ending 31 December.
“GIC”	:	Government of Singapore Investment Corporation.
“Group”	:	Keppel REIT and its Subsidiaries.
“Guarantee”	:	The guarantee of the Guarantor contained in the Notes Trust Deed.
“Guarantor” or “Keppel REIT Trustee”	:	RBC Investor Services Trust Singapore Limited (in its capacity as trustee of Keppel REIT).
“Issuer”	:	Keppel REIT MTN Pte. Ltd. (formerly known as K-REIT Asia MTN Pte. Ltd.).
“Issuing and Paying Agent”	:	Citicorp Investment Bank (Singapore) Limited.
“ITA”	:	Income Tax Act, Chapter 134 of Singapore.
“Keppel Corporation”	:	Keppel Corporation Limited.
“Keppel Land”	:	Keppel Land Limited.
“Keppel REIT Manager”	:	Keppel REIT Management Limited (formerly known as K-REIT Asia Management Limited), as manager of Keppel REIT.
“Keppel REIT Properties”	:	Keppel REIT’s current and future properties (including the Properties).
“Keppel REIT Trust Deed”	:	The trust deed dated 28 November 2005 constituting Keppel REIT, as supplemented by a first supplemental deed dated 2 February 2006, a second supplemental deed dated 17 March 2006, a third supplemental deed dated 30 July 2007, a fourth supplemental deed dated 17 October 2007, a fifth supplemental deed dated 19 January 2009, a sixth supplemental deed dated 16 April 2009, a first amending and restating deed dated 19 April 2010, and a supplemental deed dated 15 October 2012 to the first amending and restating deed, each entered into between (1) the Keppel REIT Manager, as manager of Keppel REIT, and (2) the Keppel REIT Trustee, as trustee of Keppel REIT, and as further amended, modified or supplemented from time to time.
“Latest Practicable Date”	:	5 October 2012.
“Listing Manual”	:	The listing manual of the SGX-ST.
“MAS”	:	The Monetary Authority of Singapore.

“MBFC”	:	Marina Bay Financial Centre.
“MBFC Interest”	:	Keppel REIT’s one-third interest in MBFC Phase One through a one-third ownership in BFC Development LLP, excluding the interests in Marina Bay Residences Pte. Ltd.
“MBFC Phase One”	:	MBFC Towers 1 & 2 and Marina Bay Link Mall.
“Moody’s”	:	Moody’s Investor Service or its successor.
“MOTT”	:	Mirvac (Old Treasury) Trust.
“MRT”	:	Mass Rapid Transit.
“MTN Programme”	:	The S\$1,000,000,000 Multicurrency Medium Term Note Programme of the Issuer.
“Net Lettable Area” or “NLA”	:	Comprises the floor area in a building that is to be leased, excluding common areas such as common corridors, lift shafts, fire escape staircases and toilets, being the area in respect of which rent is payable.
“Noteholders”	:	The holders of the Notes.
“Notes”	:	The notes to be issued by the Issuer under the MTN Programme.
“Notes Trust Deed”	:	The notes trust deed dated 19 January 2009 made between (1) the Issuer, as issuer, (2) the Guarantor, as guarantor, and (3) the Notes Trustee, as trustee, as amended and supplemented by a supplemental notes trust deed dated 15 October 2012 and as further amended, varied or supplemented from time to time.
“Notes Trustee”	:	The Bank of New York Mellon.
“Ocean Financial Centre Interest”	:	Keppel REIT’s 99.9% interest in Ocean Financial Centre through its 99.9% interest in Ocean Properties LLP.
“Old Treasury Building Office Tower Interest”	:	Keppel REIT’s 50.0% interest in the new office tower which will be built on the Old Treasury Building site in the CBD of Perth, Australia, through its 50.0% interest in MOTT.
“One Raffles Quay Interest”	:	Keppel REIT’s one-third interest in One Raffles Quay through its one-third interest in the issued share capital of ORQPL and the assignment to Keppel REIT of Boulevard Development Pte Ltd’s rights, titles and interest in a shareholder’s loan to ORQPL.
“ORQPL”	:	One Raffles Quay Pte Ltd.
“Permanent Global Note”	:	A Global Note representing Notes of one or more Tranches of the same Series, either on issue or upon exchange of interests in a Temporary Global Note.

“Pricing Supplement”	:	In relation to a Tranche or Series, a pricing supplement, to be read in conjunction with this Information Memorandum, specifying the relevant issue details in relation to such Tranche or, as the case may be, Series.
“Programme Agreement”	:	The Programme Agreement dated 19 January 2009 made between (1) the Issuer, as issuer, (2) the Guarantor, as guarantor, (3) the Keppel REIT Manager, as manager of Keppel REIT, (4) the Arranger, as arranger, and (5) Citicorp Investment Bank (Singapore) Limited, as dealer, as amended, varied or supplemented from time to time.
“Properties”	:	Refers collectively to the eight properties as set out under “ <i>Keppel REIT — Keppel REIT’s Property Portfolio Key Statistics</i> ” in this Information Memorandum (i.e. excluding the Old Treasury Building Office Tower Interest), or to certain of these properties (as the context requires), and “ Property ” shall mean any of them.
“Property Funds Appendix”	:	The guidelines for real estate investment trusts issued by the MAS as Appendix 6 to the CIS Code, as amended, varied or supplemented from time to time.
“REIT”	:	Real estate investment trust.
“Securities Act”	:	Securities Act of 1933 of the United States, as amended.
“Series”	:	(1) (in relation to Notes other than variable rate notes) a Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single series and (b) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (2) (in relation to variable rate notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest.
“SFA”	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time.
“SGX-ST”	:	Singapore Exchange Securities Trading Limited.
“Shares”	:	Ordinary shares each in the capital of the Issuer.

“Subsidiary” or “subsidiary”	:	<p>Any company which is for the time being, a subsidiary within the meaning of Section 5 of the Companies Act, and in relation to Keppel REIT, means any company, corporation, trust, fund or other entity (whether or not a body corporate):</p> <ol style="list-style-type: none"> (1) which is controlled, directly or indirectly, by Keppel REIT (through its trustee); or (2) more than half the issued share capital of which is beneficially owned, directly or indirectly, by Keppel REIT (through its trustee); or (3) which is a subsidiary of any company, corporation, trust, fund or other entity (whether or not a body corporate) to which paragraph (1) or (2) above applies, <p>and for these purposes, any company, corporation, trust, fund or other entity (whether or not a body corporate) shall be treated as being controlled by Keppel REIT if Keppel REIT (whether through its trustee or otherwise) is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.</p>
“Take-Over Code”	:	The Singapore Code on Take-Overs and Mergers, as amended or modified from time to time.
“Temporary Global Note”	:	A Global Note representing Notes of one or more Tranches of the same Series on issue.
“Tranche”	:	Notes which are identical in all respects (including as to listing).
“Unit”	:	One unit representing an undivided interest in Keppel REIT.
“United States” or “U.S.”	:	United States of America.
“Unitholder”	:	A holder of Unit(s).
“S\$” or “\$” and “cents”	:	Singapore dollars and cents respectively.
“US\$” or “US dollars”	:	United States dollars.
“%”	:	Per cent.

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

CORPORATE INFORMATION

Issuer	:	Keppel REIT MTN Pte. Ltd. (formerly known as K-REIT Asia MTN Pte. Ltd.)
Board of Directors	:	Ms Ng Hsueh Ling Mr Lionel Chua
Company Secretaries	:	Mr Tok Boon Sheng Mr Chua Hua Yeow, Kelvin
Registered Office	:	1 HarbourFront Avenue #18-01 Keppel Bay Tower Singapore 098632
Auditors	:	Ernst & Young LLP One Raffles Quay North Tower, Level 18 Singapore 048583
Keppel REIT Trustee and Guarantor	:	RBC Investor Services Trust Singapore Limited (in its capacity as trustee of Keppel REIT)
Registered Office	:	20 Cecil Street #28-01 Equity Plaza Singapore 049705
Keppel REIT Manager	:	Keppel REIT Management Limited (formerly known as K-REIT Asia Management Limited)
Board of Directors	:	Dr Chin Wei-Li, Audrey Marie Mr Wong Kingcheung Kevin Ms Ng Hsueh Ling Mr Loh Chin Hua Mrs Lee Ai Ming Mr Tan Chin Hwee Mr Chan Choong Seng Daniel Mr Lee Chiang Huat Mr Lor Bak Liang
Company Secretaries	:	Mr Choo Chin Teck Mr Chua Hua Yeow, Kelvin
Registered Office	:	1 HarbourFront Avenue #18-01 Keppel Bay Tower Singapore 098632
Auditors for Keppel REIT	:	Ernst & Young LLP One Raffles Quay North Tower, Level 18 Singapore 048583

Arranger of the MTN Programme : Citicorp Investment Bank (Singapore) Limited
8 Marina View
#21-01 Asia Square Tower 1
Singapore 018960

Legal Advisors to the Arranger : WongPartnership LLP
One George Street #20-01
Singapore 049145

Legal Advisors to the Issuer : WongPartnership LLP
One George Street #20-01
Singapore 049145

Legal Advisors to the Guarantor : Shook Lin & Bok LLP
1 Robinson Road
#18-00 AIA Tower
Singapore 048542

Issuing and Paying Agent and Agent Bank : Citicorp Investment Bank (Singapore) Limited
8 Marina View
#21-01 Asia Square Tower 1
Singapore 018960

Trustee for the Noteholders : The Bank of New York Mellon
101 Barclay St
21st Floor West
New York, NY10286
United States of America

SUMMARY OF THE MTN PROGRAMME

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

Issuer	:	Keppel REIT MTN Pte. Ltd. (formerly known as K-REIT Asia MTN Pte. Ltd.).
Guarantor	:	RBC Investor Services Trust Singapore Limited (in its capacity as trustee of Keppel REIT).
Arranger	:	Citicorp Investment Bank (Singapore) Limited.
Dealers	:	Citicorp Investment Bank (Singapore) Limited and/or such other Dealers as may be appointed by the Issuer in accordance with the Programme Agreement.
Issuing and Paying Agent and Agent Bank	:	Citicorp Investment Bank (Singapore) Limited.
Notes Trustee	:	The Bank of New York Mellon.
Description	:	S\$1,000,000,000 Multicurrency Medium Term Note Programme.
Programme Size	:	The maximum aggregate principal amount of the Notes outstanding at any time shall be S\$1,000,000,000 or such higher amount as may be determined pursuant to the Programme Agreement.
Currency	:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in US dollars, Singapore dollars or such other currency as the Issuer and the relevant Dealer(s) may so agree.
Method of Issue	:	Notes may be issued from time to time under the MTN Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.
Issue Price	:	Notes may be issued at par or at a discount, or premium, to par.
Maturities	:	Subject to compliance with all relevant laws, regulations and directives, Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s).

Mandatory Redemption	:	Unless previously redeemed or purchased and cancelled, each Note will be redeemed at its redemption amount on the maturity date shown on its face.
Interest Basis	:	Notes may bear interest at fixed, floating, variable or hybrid rates or such other rates as may be agreed between the Issuer and the relevant Dealer(s) or may not bear interest.
Fixed Rate Notes	:	Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrear on specified dates and at maturity.
Floating Rate Notes	:	<p>Floating Rate Notes which are denominated in Singapore dollars will bear interest to be determined separately for each Series by reference to S\$ SIBOR or S\$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Interest periods in relation to the Floating Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.</p> <p>Floating Rate Notes which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s).</p>
Variable Rate Notes	:	Variable Rate Notes will bear interest at a variable rate determined in accordance with the terms and conditions of the Notes. Interest periods in relation to the Variable Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.
Hybrid Notes	:	Hybrid Notes will bear interest, during the fixed rate period to be agreed between the Issuer and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrears on specified dates and, during the floating rate period to be agreed between the Issuer and the relevant Dealer(s), at the rate of interest to be determined by reference to S\$ SIBOR or S\$ SWAP RATE (in the case of Hybrid Notes denominated in Singapore dollars), as adjusted for any applicable margin (provided that if the Hybrid Notes are denominated in a currency other than Singapore dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed between the Issuer and the relevant Dealer(s)), in each case payable at the end of each interest period to be agreed between the Issuer and the relevant Dealer(s).

- Zero Coupon Notes : Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment.
- Form and Denomination of Notes : The Notes will be issued in bearer form only and in such denominations as may be agreed between the Issuer and the relevant Dealer(s). Each Tranche or Series of Notes may initially be represented by a Temporary Global Note or a Permanent Global Note. Each Temporary Global Note may be deposited on the relevant issue date with CDP, a common depository for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Note or definitive Notes (as indicated in the applicable Pricing Supplement) on or after the date 40 days after the later of the commencement of the offering and the relevant issue date, upon certification as to the non-U.S. beneficial ownership. Each Permanent Global Note may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for definitive Notes upon the terms therein.
- Custody of the Notes : Notes which are to be listed on the SGX-ST may be cleared through CDP. Notes which are to be cleared through CDP are required to be kept with CDP as authorised depository. Notes which are cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depository on behalf of Euroclear and Clearstream, Luxembourg.
- Status of the Notes and the Guarantee : The Notes and Coupons of all Series will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer from time to time outstanding.
- The obligations of the Guarantor under the Guarantee and the Notes Trust Deed constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall at all times rank *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

Redemption and Purchase	:	If so provided on the face of the Note and the relevant Pricing Supplement, Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes. Further, if so provided on the face of the Note and the relevant Pricing Supplement, Notes may be purchased by the Issuer (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes.
Redemption upon Termination of Keppel REIT	:	In the event that Keppel REIT is terminated in accordance with the provisions of the Keppel REIT Trust Deed, the Issuer shall redeem all (and not some only) of the Notes at their redemption amount together with interest accrued to the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date of termination of Keppel REIT.
Financial Covenants	:	<p>The Guarantor has covenanted with the Notes Trustee that so long as any of the Notes remains outstanding, it will ensure that:</p> <ul style="list-style-type: none"> (i) the Consolidated Net Assets Attributable to Unitholders (as defined in the Notes Trust Deed) shall not be less than S\$1,000,000,000; (ii) the ratio of Consolidated Total Borrowings (as defined in the Notes Trust Deed) to Consolidated Deposited Property (as defined in the Notes Trust Deed) shall not exceed 0.60 times; and (iii) the ratio of EBITDA (as defined in the Notes Trust Deed) to Interest Expense (as defined in the Notes Trust Deed) of the Group shall be at least 1.5 times.
Events of Default	:	See Condition 9 of the Notes.
Taxation	:	All payments in respect of the Notes and the Coupons by or on behalf of the Issuer or, as the case may be, the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. For further details, please see the section on " <i>Singapore Taxation</i> " herein.

- Listing : Each Series of the Notes may, if so agreed between the Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained.
- Selling Restrictions : For a description of certain restrictions on offers, sales and deliveries of Notes and the distribution of offering material relating to the Notes, see the section on “*Subscription, Purchase and Distribution*” below. Further restrictions may apply in connection with any particular Series or Tranche of Notes.
- Governing Law : The MTN Programme and any Notes issued under the MTN Programme will be governed by, and construed in accordance with, the laws of Singapore.

TERMS AND CONDITIONS OF THE NOTES

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

The Notes are constituted by a Notes Trust Deed (the “Notes Trust Deed”) dated 19 January 2009 made between (1) Keppel REIT MTN Pte. Ltd. (formerly known as K-REIT Asia MTN Pte. Ltd.) (the “Issuer”), as issuer, (2) RBC Investor Services Trust Singapore Limited (formerly known as RBC Dexia Trust Services Singapore Limited) (in its capacity as trustee of Keppel REIT) (the “Guarantor”), as guarantor and (3) The Bank of New York Mellon (the “Notes Trustee”, which expression shall wherever the context so admits include all persons for the time being the trustee or trustees of the Notes Trust Deed), as trustee of the Noteholders (as defined below), and as amended and supplemented by a supplemental notes trust deed dated 15 October 2012 and as further amended, varied or supplemented from time to time and (if applicable) as supplemented by the relevant Supplemental Notes Trust Deed (if any) made between the parties to the Notes Trust Deed, and (where applicable) the Notes are issued with the benefit of a deed of covenant (the “Deed of Covenant”) dated 19 January 2009 relating to the Notes executed by the Issuer. These terms are subject to the detailed provisions of the Notes Trust Deed. The Issuer has entered into an agency agreement (the “Agency Agreement”) dated 19 January 2009 made between (1) the Issuer, as issuer, (2) the Guarantor, as guarantor, (3) Citicorp Investment Bank (Singapore) Limited, as issuing and paying agent (in such capacity, the “Issuing and Paying Agent”) and agent bank (in such capacity, the “Agent Bank”) and (4) the Notes Trustee, as trustee of the Noteholders. The Noteholders and the holders of the coupons (the “Coupons”) appertaining to the interest-bearing Notes (the “Couponholders”) are bound by and are deemed to have notice of all of the provisions of the Notes Trust Deed, the Agency Agreement and the Deed of Covenant.

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

1. FORM, DENOMINATION AND TITLE

(a) **Form and Denomination**

- (i) The Notes of the Series of which this Note forms part (in these Conditions, the “Notes”) are issued in bearer form in each case in the Denomination Amount shown hereon.
- (ii) This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Note, a Hybrid Note or a note that does not bear interest (a “Zero-Coupon Note”) (depending upon the Interest Basis shown on its face).
- (iii) Notes are serially numbered and issued with Coupons attached, save in the case of Zero-Coupon Notes in which case references to interest (other than in relation to default interest referred to in Condition 6(f)) in these Conditions are not applicable.

(b) **Title**

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

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

2. STATUS AND GUARANTEE

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

3. FINANCIAL COVENANTS

In the Notes Trust Deed, the Guarantor has covenanted with the Notes Trustee that so long as any of the Notes remains outstanding, it will ensure that:

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

provided that if the threshold in Condition 3(ii) is exceeded, the Guarantor shall not incur additional borrowings or enter into further deferred payment arrangements.

For the purpose of this Condition 3:

“Consolidated Deposited Property” means the value of the properties of Keppel REIT based on the Group’s latest audited or, as the case may be, unaudited consolidated financial statements calculated and interpreted in accordance with the Singapore Financial Reporting Standards, having regard to the Property Funds Appendix;

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

“Consolidated Total Borrowings” means, in relation to the Group, an amount (expressed in Singapore dollars) for the time being calculated on a consolidated basis, in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of:

- (a) bank overdrafts and all other indebtedness in respect of any borrowings;
- (b) the principal amount of the Notes or any bonds or debentures of any member of the Group whether issued for cash or a consideration other than cash;
- (c) the liabilities of the Issuer under the Notes Trust Deed or the Notes;
- (d) all other indebtedness whatsoever of the Group for borrowed moneys; and
- (e) any redeemable preference shares or units issued by any member of the Group (other than those shares or units which are regarded as equity as reflected in the latest audited consolidated balance sheet of the Group),

and where such aggregate amount falls to be calculated, no amount shall be taken into account more than once in the same calculation;

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

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

as determined from the financial statements of Keppel REIT; and

“Interest Expense” means, in relation to any period, the aggregate amount of interest and any other finance charges (whether or not paid, payable or capitalised) accrued by the Group in that period in respect of the indebtedness of the Group including:

- (a) the interest element of leasing and hire purchase payments;
- (b) commitment fees, commissions and guarantee fees; and
- (c) amounts in the nature of interest payable in respect of any shares other than equity share capital,

as determined from the financial statements of Keppel REIT and any certificate delivered under Clause 16.2(s) of the Notes Trust Deed.

4. RATE OF INTEREST

(I) INTEREST ON FIXED RATE NOTES

(a) **Interest Rate and Accrual**

Each Fixed Rate Note bears interest on its Calculation Amount (as defined in Condition 4(II)(d)) from the Interest Commencement Date in respect thereof and as shown on the face of such Note at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of such Note in each year and on the Maturity Date shown on the face of such Note if that date does not fall on an Interest Payment Date.

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

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

(b) **Calculations**

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

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

(a) **Interest Payment Dates**

Each Floating Rate Note or Variable Rate Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each date ("Interest Payment Date"). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "Specified Number of Months") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined in Condition 4(II)(c)) in respect of any Variable Rate Note for any Interest Period (as defined below) relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day

Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

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

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

(b) Rate of Interest — Floating Rate Notes

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

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

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

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

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

- (A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption “ASSOCIATION OF BANKS IN

SINGAPORE — SIBOR AND SWAP OFFER RATES — RATES AT 11:00 A.M. SINGAPORE TIME” and under the column headed “SGD SIBOR” (or such other Screen Page as may be provided hereon) and as adjusted by the Spread (if any);

- (B) if no such rate appears on the Reuters Screen ABSIRFIX01 Page under the column headed “SGD SIBOR” (or such other replacement page thereof), the Agent Bank will, at or about the Relevant Time on such Interest Determination Date, determine the Rate of Interest for such Interest Period which shall be the rate which appears under the caption “SINGAPORE DOLLAR INTER-BANK OFFERED RATES — 11:00 A.M.” and the row headed “SIBOR SGD” on the Reuters Screen SIBP Page (or such other replacement page thereof), being the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);
- (C) if no such rate appears on Reuters SIBP Page (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) or if the Reuters SIBP Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;
- (D) if on any Interest Determination Date two but not all the Reference Banks provide the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (C) above on the basis of the quotations of those Reference Banks providing such quotations; and
- (E) if on any Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about the Relevant Time on such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any) or if on such Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotation, the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to

four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);

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

- (A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the Average Swap Rate for such Interest Period (determined by the Agent Bank as being the rate which appears on the Reuters Screen ABSIRFIX01 Page under the caption “ASSOCIATION OF BANKS IN SINGAPORE — SIBOR AND SWAP OFFER RATES — RATES AT 11:00 A.M. SINGAPORE TIME” under the column headed “SGD SWAP OFFER” (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period) and as adjusted by the Spread (if any);
- (B) if on any Interest Determination Date, no such rate is quoted on Reuters Screen ABSIRFIX01 (or such other replacement page as aforesaid) or Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will determine the Average Swap Rate (which shall be rounded up, if necessary, to four decimal places) for such Interest Period in accordance with the following formula:

In the case of Premium:

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

In the case of Discount:

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

where:

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

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

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

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

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

- (C) if on any Interest Determination Date any one of the components for the purposes of calculating the Average Swap Rate under (B) above is not quoted on the relevant Reuters Screen Page (or such other replacement page as aforesaid) or the relevant Reuters Screen Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of the Reference Banks to provide the Agent Bank with quotations of their Swap Rates for the Interest Period concerned at or about the Relevant Time on that Interest Determination Date and the Rate of Interest for such Interest Period shall be the Average Swap Rate for such Interest Period (which shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the Swap Rates quoted by the Reference Banks to the Agent Bank) and as adjusted by the Spread (if any). The Swap Rate of a Reference Bank means the rate at which

that Reference Bank can generate Singapore dollars for the Interest Period concerned in the Singapore inter-bank market at or about the Relevant Time on the relevant Interest Determination Date and shall be determined as follows:

In the case of Premium:

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

In the case of Discount:

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

where:

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

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

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

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

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

(D) if on any Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with quotations of their Swap Rate(s), the Average Swap Rate shall be determined by the Agent Bank to be the rate per annum equal to the arithmetic mean (rounded up, if necessary,

to the nearest 1/16 per cent.) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about the Relevant Time on such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and the Rate of Interest for the relevant Interest Period shall be the Average Swap Rate (as so determined by the Agent Bank) and as adjusted by the Spread (if any), or if on such Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any); and

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

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

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

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

and as adjusted by the Spread (if any);

(B) if the Primary Source for the Floating Rate is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Interest Determination Date and as adjusted by the Spread (if any); and

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

- (iii) On the last day of each Interest Period, the Issuer will pay interest on each Floating Rate Note to which such Interest Period relates at the Rate of Interest for such Interest Period.

(c) Rate of Interest — Variable Rate Notes

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

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

Such rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Variable Rate Note. The "Spread" is the percentage rate per annum specified on the face of such Variable Rate Note as being applicable to the rate of interest for such Variable Rate Note. The rate of interest so calculated shall be subject to Condition 4(V)(a) below.

The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Agent Bank in accordance with the provisions of Condition 4(II)(b)(ii) above (*mutatis mutandis*) and references therein to "Rate of Interest" shall mean "Fall Back Rate".

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

(d) **Definitions**

As used in these Conditions:

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

"business day" means:

- (i) (in the case of Notes denominated in Singapore dollars) a day (other than a Saturday or Sunday) on which commercial banks are open for business in Singapore; and

- (ii) (in the case of Notes denominated in a currency other than Singapore dollars), a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in Singapore and the principal financial centre for that currency;

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

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

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

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

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

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

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

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

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

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

(III) Interest on Hybrid Notes

(a) Interest Rate and Accrual

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

(b) Fixed Rate Period

- (i) In respect of the Fixed Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Fixed Rate Period at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of the Note in each year and on the last day of the Fixed Rate Period if that date does not fall on an Interest Payment Date.
- (ii) The first payment of interest will be made on the Interest Payment Date next following the first day of the Fixed Rate Period (and if the first day of the Fixed Rate Period is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the last day of the Fixed Rate Period falls before the date on which the first payment of interest would otherwise be due. If the last day of the Fixed Rate Period is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the first day of the Fixed Rate Period, as the case may be) to the last day of the Fixed Rate Period will amount to the Final Broken Amount shown on the face of the Note.
- (iii) Where the due date of redemption of any Hybrid Note falls within the Fixed Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Notes Trust Deed, payment of principal (or the Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(III) to the Relevant Date.
- (iv) In the case of a Hybrid Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction specified hereon during the Fixed Rate Period.

(c) Floating Rate Period

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

postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

- (ii) The period beginning on and including the first day of the Floating Rate Period and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is herein called an “Interest Period”.
- (iii) Where the due date of redemption of any Hybrid Note falls within the Floating Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation thereof, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(III) and the Agency Agreement to the Relevant Date.
- (iv) The provisions of Condition 4(II)(b) shall apply to each Hybrid Note during the Floating Rate Period as though references therein to Floating Rate Notes are references to Hybrid Notes.

(IV) Zero Coupon Notes

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note (determined in accordance with Condition 5(h)). As from the Maturity Date, the rate of interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 5(h)).

(V) Calculations

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

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

(b) Notification

The Agent Bank will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Issuing and Paying Agent, the Notes Trustee, the Issuer and the Guarantor and (in the case of Floating Rate Notes) to be notified to Noteholders in accordance with Condition 15 as

soon as possible after their determination but in no event later than the fourth business day thereafter. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period by reason of any Interest Payment Date not being a business day. If the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes become due and payable under Condition 9, the Rate of Interest and Interest Amounts payable in respect of the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest and Interest Amounts need to be made unless the Notes Trustee requires otherwise.

(c) Determination or Calculation by the Notes Trustee

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

(d) Agent Bank and Reference Banks

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

5. REDEMPTION AND PURCHASE

(a) Redemption at Maturity Date

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

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

(b) Redemption at Option of Noteholder

If so provided hereon, the Issuer shall, at the option of the holder of any Note, redeem such Note on the date or dates so provided at its Redemption Amount, together with interest accrued to the date fixed for redemption. To exercise such option, the holder must deposit such Note (together with all unmaturing Coupons) with the Issuing and

Paying Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent or the Issuer (as applicable) within the Noteholder's Redemption Option Period shown on the face hereof. Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(c) Redemption at Option of the Issuer

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

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

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

(d) Purchase at the Option of the Issuer

If so provided hereon, the Issuer shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Noteholders shall be bound to sell such Notes to the Issuer accordingly. To exercise such option, the Issuer shall give irrevocable notice to the Noteholders within the Issuer's Purchase Option Period shown on the face hereof. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

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

(e) Purchase at the Option of Noteholders

(i) Each Noteholder shall have the option to have all or any of his Variable Rate Notes purchased by the Issuer at their Redemption Amount on any Interest Payment Date and the Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit any Variable Rate Notes to be purchased with the Issuing and Paying Agent at its specified office together with all Coupons relating to such Variable Rate Notes which mature after the date fixed

for purchase, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent within the Noteholders' VRN Purchase Option Period shown on the face hereof. Any Variable Rate Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Variable Rate Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Variable Rate Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

- (ii) If so provided hereon, each Noteholder shall have the option to have all or any of his Fixed Rate Notes, Floating Rate Notes or Hybrid Notes purchased by the Issuer at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Issuer will purchase such Notes accordingly. To exercise such option, a Noteholder shall deposit any Notes to be purchased with the Issuing and Paying Agent at its specified office together with all Coupons relating to such Notes which mature after the date fixed for purchase, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent within the Noteholders' Purchase Option Period shown on the face hereof. Any Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

(f) **Redemption for Taxation Reasons**

If so provided hereon, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero-Coupon Notes) Early Redemption Amount (as defined in Condition 5(h) below) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer (or if the Guarantee was called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 7, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer, or as the case may be, the Guarantor taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer, or as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Issuing and Paying Agent a certificate signed by a duly authorised officer of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisors of recognised standing to the effect that the Issuer, or as the case may be, the Guarantor has or likely to become obliged to pay such additional amounts as a result of such change or amendment.

(g) Purchases

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

Notes purchased by the Issuer, the Guarantor or any of their respective related corporations may be surrendered by the purchaser through the Issuer to the Issuing and Paying Agent for cancellation or may at the option of the Issuer, the Guarantor or the relevant related corporation (as the case may be) be held or resold.

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

(h) Early Redemption of Zero-Coupon Notes

- (i) The Early Redemption Amount payable in respect of any Zero-Coupon Note, the Early Redemption Amount of which is not linked to an index and/or formula, upon redemption of such Note pursuant to Condition 5(f) or upon it becoming due and payable as provided in Condition 9, shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
- (ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(f) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 4(IV).

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

(i) Redemption upon Termination of Keppel REIT

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

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

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

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

(k) **Cancellation**

All Notes purchased by or on behalf of the Issuer, the Guarantor or any of their respective related corporations may be surrendered for cancellation by surrendering each such Note together with all unmatured Coupons to the Issuing and Paying Agent at its specified office and, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold.

6. PAYMENTS

(a) **Principal and Interest**

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

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

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(c) **Appointment of Agents**

The Issuing and Paying Agent initially appointed by the Issuer and the Guarantor and its specified office is listed below. The Issuer and the Guarantor reserves the right at any time to vary or terminate the appointment of the Issuing and the Paying Agent and/or the Agent Bank in accordance with the terms of the Agency Agreement and to appoint additional or other Agents, provided that they will at all times maintain (i) an Issuing and Paying Agent having a specified office in Singapore and (ii) an Agent Bank where the Conditions so require.

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 15.

The Agency Agreement may be amended by the Issuer, the Guarantor, the Issuing and Paying Agent and the Notes Trustee, without the consent of any holder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective

provision contained therein or in any manner which the Issuer, the Guarantor, the Issuing and Paying Agent and the Notes Trustee may mutually deem necessary or desirable and which does not, in the opinion of the Issuer, the Guarantor and the Notes Trustee, materially and adversely affect the interests of the holders. Such amendment shall be binding on the Noteholders and Couponholders.

(d) Unmatured Coupons

- (i) Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unmaturing Coupons (if any) relating to such Notes (and, in the case of Hybrid Notes, relating to interest payable during the Fixed Rate Period), failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within the prescription period relating thereto under Condition 8.
- (ii) Subject to the provisions of the relevant Pricing Supplement upon the due date for redemption of any Floating Rate Note, Variable Rate Note or Hybrid Note, unmaturing Coupons relating to such Note (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Where any Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unmaturing Coupons relating to it (and, in the case of the Hybrid Note, relating to interest payable during the Floating Rate Period), redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (iv) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note.

(e) Non-business days

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

(f) Default Interest

If on or after the due date for payment of any sum in respect of the Notes, payment of all or any part of such sum is not made against due presentation of the Notes or, as the case may be, the Coupons, the Issuer shall pay interest on the amount so unpaid from such due date up to the day of actual receipt by the relevant Noteholders, or, as the case may be, Couponholders (as well after as before judgment) at a rate per annum determined by the Issuing and Paying Agent to be equal to one (1) per cent. per annum above (in the case of a Fixed Rate Note or a Hybrid Note during the Fixed Rate Period) the Interest Rate applicable to such Note, (in the case of a Floating Rate Note or a Hybrid Note during the Floating Rate Period) the Rate of Interest applicable to such Note or (in the case of a Variable Rate Note) the variable rate by which the Agreed Yield

applicable to such Note is determined or, as the case may be, the Rate of Interest applicable to such Note, or in the case of a Zero-Coupon Note, as provided for in the relevant Pricing Supplement. So long as the default continues then such rate shall be re-calculated on the same basis at intervals of such duration as the Issuing and Paying Agent may select, save that the amount of unpaid interest at the above rate accruing during the preceding such period shall be added to the amount in respect of which the Issuer is in default and itself bear interest accordingly. Interest at the rate(s) determined in accordance with this paragraph shall be calculated on the Day Count Fraction specified hereon and the actual number of days elapsed, shall accrue on a daily basis and shall be immediately due and payable by the Issuer.

7. TAXATION

(a) **Payment after Withholding**

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

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

(b) **Interpretation**

As used in these Conditions, "Relevant Date" in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Noteholders in accordance with Condition 15 that, upon further presentation of the Note or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to "principal" shall be deemed to include any premium payable in respect of the Notes, all Redemption Amounts, Early Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 5, "interest" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 and any reference to "principal" and/or "premium" and/or "Redemption Amounts" and/or "interest" and/or "Early Redemption Amounts" shall be deemed to include any additional amounts which may be payable under these Conditions.

8. PRESCRIPTION

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

9. EVENTS OF DEFAULT

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

- (a) the Issuer or the Guarantor does not pay any sum payable by it under any of the Notes Trust Deed, the Notes or the Coupons when due and such default continues for a period of (i) three (3) Business Days after the due date in respect of any principal amount payable or (ii) five (5) Business days after the due date in respect any other amount payable;
- (b) (i) the Issuer or the Guarantor fails to perform or observe any of its other obligations under the Conditions and the Notes Trust Deed (other than the payment obligation referred to in sub-paragraph (a)) unless otherwise waived by the Notes Trustee, and where such waiver was not granted, if in the opinion of the Notes Trustee that default is capable of remedy, it is not in the opinion of the Notes Trustee remedied within 30 days from the date of notice of such default by the Notes Trustee; and

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

(ii) the Issuer, Keppel REIT or any of the Principal Subsidiaries fails to pay when properly called upon to do so any present or future guarantee of indebtedness for, or indemnity in respect of, any moneys borrowed or raised,

however, no Event of Default will occur under this paragraph (d)(i) or (d)(ii) unless and until the aggregate amount of the indebtedness in respect of which one or more of the events mentioned above in this paragraph (d) has/have occurred equals or exceeds S\$20,000,000;

- (e) the Issuer, Keppel REIT or any Principal Subsidiary shall cease or threaten to cease to carry on all or material part of its business, operations and undertakings as carried on at the date hereof or (otherwise than in the ordinary course of its business) disposes or threatens to dispose of the whole or any part of its property or assets (other than permitted pursuant to Clause 16.1(bb) or 16.2(i) of the Notes Trust Deed);
- (f) any meeting is convened, or any petition or originating summons is presented for the winding-up or termination of the Issuer, Keppel REIT or any Principal Subsidiary (save and except where (1) any petition, originating summons or step of a frivolous or vexatious nature is contested, dismissed, struck out, stayed or withdrawn within 45 days from the date the petition or originating summons is served on, or the step is taken is brought to the notice of the Issuer, Keppel REIT or the Principal Subsidiary, as the case may be, and (2) as required by law, for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Notes Trustee before the event happens) or any step is taken for the appointment of a liquidator (including a provisional liquidator), receiver, judicial manager, trustee administrator, agent or similar officer of the Issuer, Keppel REIT or any Principal Subsidiary or over a material part of the assets of the Issuer, Keppel REIT or any Principal Subsidiary;
- (g) the Issuer, Keppel REIT or any Principal Subsidiary is (or is deemed by law or a court to be) insolvent, or proposes or makes a general assignment or an arrangement or scheme or composition with or for the benefit of the creditors of the Issuer, Keppel REIT or any Principal Subsidiary, or a moratorium is agreed or declared in respect of or affecting all or a material part of the indebtedness of the Issuer, Keppel REIT or any Principal Subsidiary;
- (h) a distress, attachment or execution or other legal process is levied, enforced or sued out upon or against all or a material part of the properties or assets of the Issuer, Keppel REIT or any Principal Subsidiary and is not discharged or stayed within forty-five (45) days;
- (i) any security on or over the whole or any material part of the assets of the Issuer, Keppel REIT or any Principal Subsidiary becomes enforceable;
- (j) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a substantial part of the assets of the Issuer, Keppel REIT or any Principal Subsidiary;
- (k) any event occurs which, under the laws of any relevant jurisdiction, has in the Notes Trustee's opinion, an analogous effect to any of the events referred to in paragraphs (f) to (j) above;
- (l) it is or will become unlawful or illegal for the Issuer or the Guarantor to observe, perform or comply with any one or more of its payment or other material obligations under the Notes or any other Transaction Document to which it is a party;
- (m) (i) any Transaction Document to which it is a party or the Notes ceases or is claimed by the Issuer or the Guarantor to cease at any time and for any reason to constitute legal and valid obligations of the Issuer or the Guarantor binding upon it in accordance with its terms; or
(ii) any applicable law, directive, order or judgment is enacted, promulgated or entered, the effect of which would be to render any Transaction Document to which the Issuer or the Guarantor is a party unenforceable;

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

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

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

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

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

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

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

10. ENFORCEMENT

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

11. MEETING OF NOTEHOLDERS, MODIFICATIONS AND SUBSTITUTIONS

- (a) The Notes Trust Deed contains provisions for convening meetings of Noteholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Notes of such Series (including these Conditions insofar as the same may apply to such Notes) or any of the provisions of the Notes Trust Deed.
- (b) The Notes Trustee, the Issuer or the Guarantor at any time may, and the Notes Trustee upon the request in writing, at the time after any Notes of any Series shall have become repayable due to default, by Noteholders holding not less than 25.0 per cent. in principal amount of the Notes of any Series for the time being outstanding shall, convene a meeting of the Noteholders of that Series. An Extraordinary Resolution duly passed at

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

- (c) The Notes Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification (subject to certain exceptions) of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Notes Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Notes Trust Deed) shall not be treated as such, which in any such case is not, in the opinion of the Notes Trustee, materially prejudicial to the interests of the Noteholders or may agree, without any such consent as aforesaid, to any modification, waiver or authorisation which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of Singapore law. Any such modification, waiver or authorisation shall be binding on the Noteholders and the Couponholders and, if the Notes Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.
- (d) In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation determination or substitution), the Notes Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Notes Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Guarantor, the Notes Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.
- (e) These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.
- (f) For the purpose of ascertaining the right to attend and vote at any meeting of the Noteholders convened for the purpose of and in relation to Clauses 9.2, 11.2 and 28 and Conditions 9, 10 and 11 and Schedule 4 to the Notes Trust Deed, those Notes (if any) which are beneficially held by, or are held on behalf of the Issuer, the Guarantor and any of their respective related corporations and not cancelled shall (unless and until ceasing to be so held) be disregarded when determining whether the requisite quorum of such meeting has been met and any votes cast or purported to be cast at such meeting in respect of such Notes shall be disregarded and be null and void.

12. REPLACEMENT OF NOTES AND COUPONS

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, at the specified office of the Issuing and Paying Agent (or at the specified office of such other person as may from time to time be designated by the Issuing and Paying Agent for the purpose and notice of whose designation is given to the Noteholders in accordance with Condition 15 below) upon payment by the claimant of the costs, expenses and duties incurred in connection with the replacement and on such terms as to evidence, security, indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note or Coupon is subsequently presented for payment, there will be paid to the Issuer and/or the Guarantor on demand the amount payable by the Issuer and/or the Guarantor in respect of such Note or Coupon) or otherwise as the Issuer and/or the Guarantor may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

13. FURTHER ISSUES

Subject always to the Issuer's obligations under the Notes Trust Deed, the Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes of any Series and so that the same shall be consolidated and form a single Series with such Notes, and references in these Conditions to "Notes" shall be construed accordingly.

14. INDEMNIFICATION OF THE NOTES TRUSTEE AND ITS CONTRACTING WITH THE ISSUER, THE GUARANTOR OR THE GROUP

The Notes Trust Deed contains provisions for the indemnification of the Notes Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified to its satisfaction.

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

15. NOTICES

Notices to the Noteholders will be valid if published in a leading newspaper of general circulation in Singapore. It is expected that such publication in Singapore will be made in the Business Times. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the Noteholders in accordance with this Condition 15.

Until such time as any Definitive Notes (as defined in the Notes Trust Deed) are issued, there may, so long as the Global Note(s) is or are held in its or their entirety on behalf of CDP, or as the case may be, Euroclear, be substituted for such publication in such newspapers the delivery of the relevant notice to CDP, or as the case may be, Euroclear for communication by it to the Noteholders. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to CDP, or as the case may be, Euroclear.

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

Notwithstanding the other provisions of this Condition, in any case where the identity and addresses of all the Noteholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.

16. GOVERNING LAW

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

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

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

18. LIABILITY OF GUARANTOR

- (a) Notwithstanding any provision to the contrary in the Notes Trust Deed, the Notes or the Coupons, the Notes Trustee, the Noteholders and the Couponholders agree and acknowledge that the Guarantor has entered into the Notes Trust Deed only in its capacity as trustee of Keppel REIT and not in its personal capacity and all references to the "Guarantor" in the Notes Trust Deed, the Notes and the Coupons shall be construed accordingly. As such, notwithstanding any provision to the contrary in the Notes Trust Deed, the Notes and the Coupons, the Guarantor has assumed all obligations under the Notes Trust Deed, the Notes and the Coupons only in its capacity as trustee of Keppel REIT and not in its personal capacity. Any liability of or indemnity, covenant, undertaking, representation and/or warranty given by the Guarantor under the Notes Trust Deed, the Notes and the Coupons is given by the Guarantor only in its capacity as trustee of Keppel REIT and not in its personal capacity and any power and right conferred on any receiver, attorney, agent and/or delegate under the Notes Trust Deed, the Notes and the Coupons is limited to the assets of Keppel REIT over which the Guarantor has recourse and shall not extend to any personal assets of the Guarantor or any assets held by the Guarantor as trustee for any trusts (other than Keppel REIT). Any obligation, matter, act, action or thing required to be done, performed or undertaken by the Guarantor under the Notes Trust Deed, the Notes and the Coupons shall only be in connection with matters relating to Keppel REIT (and shall not extend to the Guarantor's obligations in respect of any other trust or real estate investment trust of which it is a trustee). The foregoing shall not restrict or prejudice the rights or remedies of the Notes Trustee, the Noteholders and the Couponholders under law or equity whether in connection with any negligence, fraud or breach of trust of the Guarantor.
- (b) Notwithstanding any provision to the contrary in the Notes Trust Deed, the Notes and the Coupons, it is hereby agreed that the Guarantor's obligations under the Notes Trust Deed, the Notes and the Coupons will be solely the corporate obligations of the Guarantor and that the Notes Trustee, the Noteholders and the Couponholders shall not have any recourse against the shareholders, directors, officers or employees of the Issuer for any claims, losses, damages, liabilities or other obligations whatsoever in connection with any of the transactions contemplated by the provisions of the Notes Trust Deed, the Notes and the Coupons.

- (c) For the avoidance of doubt, any legal action or proceedings commenced against the Guarantor whether in Singapore or elsewhere pursuant to the Notes Trust Deed, the Notes and the Coupons shall be brought against the Guarantor only in its capacity as trustee for Keppel REIT and not in its personal capacity.

ISSUING AND PAYING AGENT

CITICORP INVESTMENT BANK (SINGAPORE) LIMITED

8 Marina View
#21-01 Asia Square Tower 1
Singapore 018960

THE ISSUER

KEPPEL REIT MTN PTE. LTD.
(formerly known as K-REIT Asia MTN Pte. Ltd.)

History and Business

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

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

The Issuer has obtained an exemption under the Moneylenders Act, Chapter 188 of Singapore for on-lending the proceeds of the issue of the Notes to the Keppel REIT Trustee.

Registered Office

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

Shareholding and Capital

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

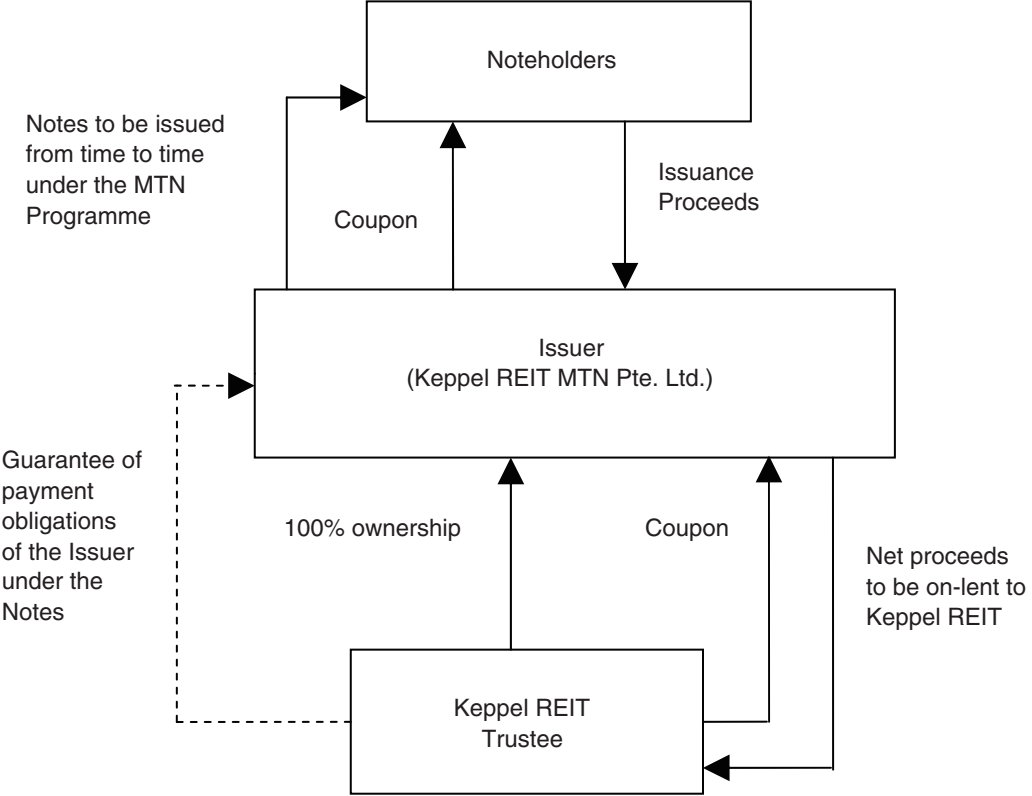
As at the date of this Information Memorandum, the Issuer has no borrowings, indebtedness in the nature of borrowings, loan capital outstanding or created but unissued (including term loans), guarantees or material contingent liabilities.

Directors

As at the date of this Information Memorandum, the Directors of the Issuer are:

Name	Business Address
Ms Ng Hsueh Ling	230 Victoria Street #15-03, Bugis Junction Towers Singapore 188024
Mr Lionel Chua	230 Victoria Street #15-03, Bugis Junction Towers Singapore 188024

Issuance Structure under the MTN Programme



KEPPEL REIT

(formerly known as K-REIT Asia)

OVERVIEW

Keppel REIT was established as a Singapore-based real estate investment trust on 28 November 2005 with the objective of generating stable returns to Unitholders by owning and investing in a portfolio of quality real estate and real estate-related assets which are income producing and are predominantly used for commercial purposes in Singapore and across Asia. Keppel REIT was listed on the SGX-ST on 28 April 2006 by way of an introduction. Its market capitalisation as at the Latest Practicable Date was approximately S\$3.1 billion.

Keppel REIT's current portfolio comprises eight commercial office properties located in Singapore and Australia. In Singapore, Keppel REIT owns Bugis Junction Towers, a one-third interest in MBFC Phase One, a 99.9% interest in Ocean Financial Centre, a one-third interest in One Raffles Quay and a 92.8% interest in Prudential Tower. In Australia, Keppel REIT owns a 50% interest in 275 George Street in Brisbane, 77 King Street Office Tower and a 50% interest in 8 Chifley Square, both in Sydney. Keppel REIT's property portfolio was valued at S\$6.35 billion as at 30 September 2012.

As at the Latest Practicable Date, Keppel REIT is rated and allowed to borrow up to a maximum of 60.0% of the value of its deposited properties under the Property Funds Appendix.

RECENT DEVELOPMENT

The Keppel REIT Manager announced on 26 September 2012 that the Keppel REIT Trustee has, through Keppel REIT (Australia) Sub-Trust 3 (the "**Keppel REIT Sub-Trust**")¹, on 26 September 2012, entered into a sale agreement and a subscription agreement with Mirvac Projects Pty Limited ("**MPPL**") to acquire a 50.0% interest in MOTT. MOTT has entered into a development agreement with the State of Western Australia to deliver a new office tower which will be built on the Old Treasury Building site in the CBD of Perth, Australia (the "**Office Tower**"). Keppel REIT Sub-Trust and MPPL will jointly hold the Office Tower through MOTT. MPPL is part of the Mirvac Group which is a leading construction and development company in Australia with more than 40 years of experience in real estate investment, development and fund management.

The Office Tower is currently under construction and is targeted to be completed in the second half of 2015. It will be a 35-storey premium Grade A building and will have approximately 331,500 square feet of Net Lettable Area and 203 car park lots. The Office Tower will be targeting a 5-Star Green Star by the Green Building Council Australia and a 4.5-Star National Australian Built Environment Rating System energy rating. When completed, the Office Tower will be approximately 98.0% leased to the Government of Western Australia, which has committed to a lease for a period of 25 years with options for another 25 years.

The aggregate consideration for the acquisition will be A\$165.0 million (approximately S\$211.2 million), subject to adjustment on the later of 23 June 2015 or 10 business days after the commencement date of the Government of Western Australia's lease. The final consideration will therefore be determined based on the adjusted net operating income achieved by the Office Tower in the first year from the commencement date of the Government of Western Australia's lease, capitalised at the agreed rate of 7.15%. The final consideration was arrived at on a willing-buyer and willing-seller basis, taking into account the adjusted net property income achieved by the Office Tower in the first year from the commencement date of the Government of Western Australia's lease, capitalised at the agreed rate of 7.15%.

As at the date of this Information Memorandum, the acquisition is subject to completion, pending the fulfilment of certain condition precedents.

¹ Keppel REIT Sub-Trust is a trust newly constituted in Australia and wholly-owned by Keppel REIT.

KEPPEL REIT'S PROPERTY PORTFOLIO KEY STATISTICS

Property	Singapore Portfolio						Australia Portfolio			
	Bugis Junction Towers	MBFC Interest	One Raffles Quay Interest	Ocean Financial Centre Interest	Prudential Tower	275 George Street	77 King Street Office Tower	8 Chifley Square Interest ⁽¹⁾	Old Treasury Building Office Tower Interest ⁽²⁾	
Description	A premier 15-storey office tower situated above the Bugis MRT station and part of the award-winning integrated mixed-use development known as Bugis Junction, which also comprises Bugis Junction retail mall and the five-star InterContinental Singapore Hotel.	At 33 and 50 storeys high respectively, MBFC Towers 1 & 2 are premium Grade A office buildings located in close proximity to various lifestyle amenities. Marina Bay Link Mall provides seamless connections to Raffles Place MRT Station, One Raffles Quay, MBFC, Marina Bay Residences, office and residential developments, as well as future developments fringing the Marina Bay waterfront. Come 2013, the mall will be connected to the Downtown MRT Line, which will provide easier access to the Marina Bay area.	A prestigious landmark commercial development located at Marina Bay and the gateway to Singapore's extended new business and financial district. The development comprises a 50-storey North Tower, a 29-storey South Tower and a direct underground link to Raffles Place MRT station.	A landmark 43-storey premium Grade A office development located at the Raffles Place and Marina Bay precincts in the heart of Singapore's CBD. It is currently one of the largest premium office buildings in the CBD.	A 30-storey Grade A office building situated in Raffles Place, the heart of Singapore's financial district. It is easily accessible being within a five-minute walk from Raffles Place MRT station.	A 30-storey Grade A commercial building standing at a prime location straddling the core retail precinct and the revitalized George Street precinct of the Brisbane CBD in Queensland, Australia. It is also centrally located between the city's two largest railway stations, Roma Street Railway Station and Central Railway Station.	77 King Street Office Tower is a prime commercial building located in the heart of Sydney's CBD and in close proximity to major CityRail Stations — Wynyard, Martin Place and Town Hall.	8 Chifley Square is a 34-storey premium grade office building located at the intersection of Elizabeth, Hunter and Phillip Streets in the heart of Sydney's CBD. The building which is currently under construction is scheduled for completion in the third quarter of 2013.	A 35-storey Grade A office building located in the heart of Perth's CBD, at the intersection of St Georges Terrace and Barrack Street in the CBD of Perth, Australia.	

Property	Singapore Portfolio						Australia Portfolio			
	Bugis Junction Towers	MBFC Interest	One Raffles Quay Interest	Ocean Financial Centre Interest	Prudential Tower	275 George Street	77 King Street Office Tower	8 Chifley Square Interest ⁽¹⁾	Old Treasury Building Office Tower Interest ⁽²⁾	
Location	230 Victoria Street, Singapore 188024	8, 8A and 10 Marina Boulevard, Singapore 018981/ 018984/ 018983	1 Raffles Quay, Singapore 048583	10 Collyer Quay, Singapore 049315	30 Cecil Street, Singapore 049712	275 George Street, Brisbane, Queensland 4000, Australia	77 King Street, Sydney, New South Wales 2000, Australia	8 Chifley Square, Sydney, New South Wales 2000, Australia	28 Barrack Street, Perth, Western Australia 6000, Australia	
Tenure	Leasehold estate of 99 years expiring 9 September 2089	Leasehold estate of 99 years expiring 10 October 2104	Leasehold estate of 99 years expiring 12 June 2100	Leasehold interest of 99 years expiring 13 December 2110	Leasehold estate of 99 years expiring 14 January 2095	Freehold	Freehold	Leasehold estate of 99 years expiring 5 April 2105	99 years expiring second half of 2114 ⁽³⁾	
Ownership interest	100.0%	33.3%	33.3%	99.9% ⁽⁴⁾	92.8%	50.0%	100.0%	50.0%	50.0%	
Purchase price (on acquisition) (\$ million)	159.5	1,426.8	941.5	2,298.8 ⁽⁵⁾	349.1 ⁽⁶⁾	209.4	147.2	Between approximately 203.0 and 223.3	211.2 ⁽⁷⁾	
Valuation ⁽⁸⁾ (\$ million)	410.5	1,513.0	1,099.0	2,345.0 ⁽⁹⁾	477.4	231.3 ⁽¹⁰⁾	151.6 ⁽¹⁰⁾	198.4 ⁽¹⁰⁾⁽¹¹⁾	212.0 ⁽¹⁰⁾⁽¹²⁾	
Attributable NLA (sq ft)	244,978	581,776	445,120	885,684 ⁽⁴⁾	222,845	224,688	147,980	102,850	165,750	
Committed occupancy as at 30 September 2012	100.0%	99.5%	100.0%	95.0%	100.0%	100.0%	97.4%	40.0%	98.0%	
Number of tenants as at 30 September 2012	12	82	29	34	40	9	16	1	1	

		Singapore Portfolio					Australia Portfolio			
Property	Bugis Junction Towers	MBFC Interest	One Raffles Quay Interest	Ocean Financial Centre Interest	Prudential Tower	275 George Street	77 King Street Office Tower	8 Chifley Square Interest ⁽¹⁾	Old Treasury Building Office Tower Interest ⁽²⁾	
Principal tenants	International Enterprise Singapore, InterContinental Hotels Group (Asia Pacific) Pte Ltd, Keppel Land International Limited	Barclays Capital, BHP Billiton, Standard Chartered Bank	Royal Bank of Scotland, Deutsche Bank, UBS	Australia and New Zealand Banking Group, BNP Paribas, Drew & Napier LLC	Prudential Assurance Company, The Executive Centre, UniCredit Bank	Queensland Gas Company, Telstra Corporation	Capgemini Australia, Hebert Geer, Drake Australia	Corrs Chambers Westgarth ⁽¹³⁾	Government of Western Australia ⁽¹³⁾	
FY2011 Income Contribution (\$ million)	16.5	52.8 ⁽¹⁴⁾	36.0 ⁽¹⁴⁾	10.6 ⁽¹⁵⁾	14.8	18.8	9.5	0.9 ⁽¹⁶⁾	Not applicable	
9M2012 Income Contribution (\$ million)	12.5	40.1 ⁽¹⁴⁾	29.7 ⁽¹⁴⁾	96.6 ⁽¹⁵⁾	12.8	14.5	7.4	3.7 ⁽¹⁶⁾	Not applicable	

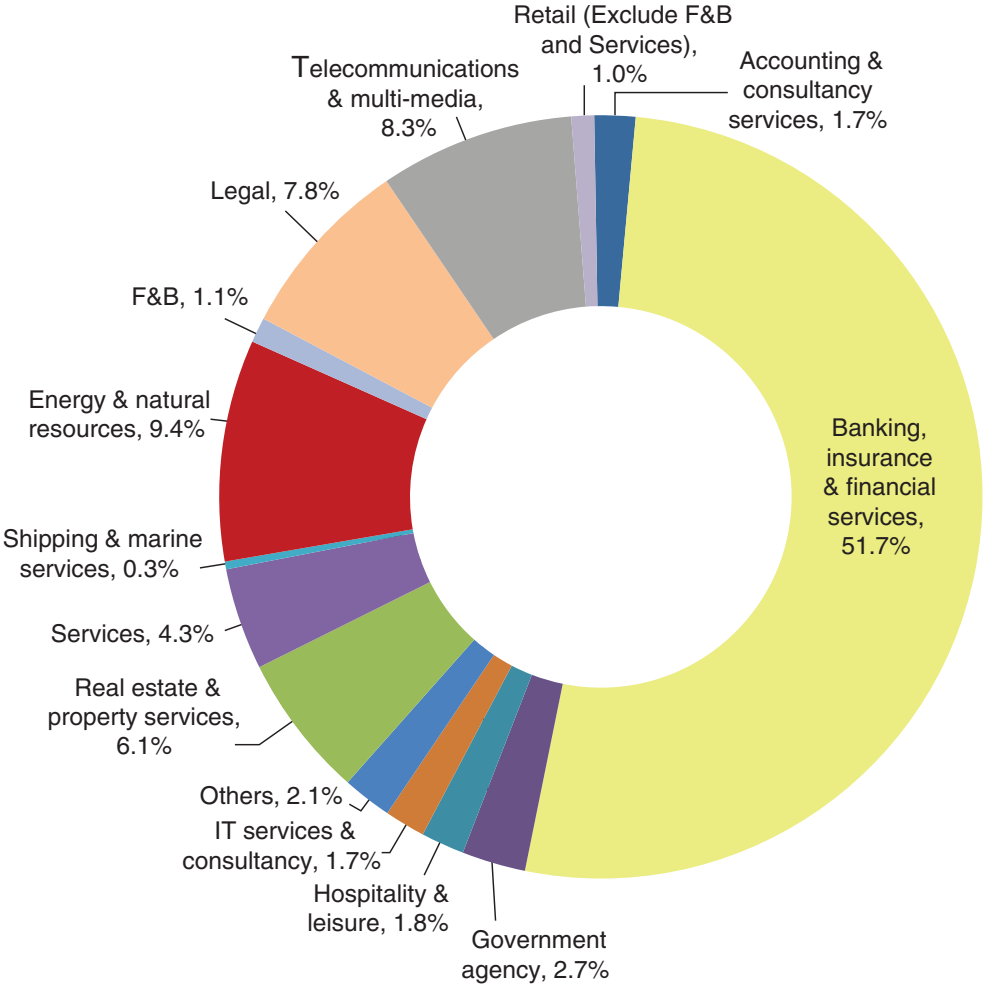
Notes:

- 8 Chifley Square is currently under construction and expected to be completed in the third quarter of 2013.
- The new office tower at the Old Treasury Building site is currently under construction and expected to be completed in the second half of 2015.
- Tenure commencement based on estimated construction completion date.
- Includes the acquisition of an additional 12.39% interest in Ocean Properties LLP, which holds Ocean Financial Centre, completed on 25 June 2012.
- Based on a purchase price of S\$2,013.1 million as at 14 December 2011 and S\$285.7 million as at 25 June 2012.
- Based on a purchase price of S\$117.7 million as at 26 April 2006, S\$106.3 million as at 2 November 2009 and S\$125.1 million as at 3 May 2011.
- Based on the acquisition consideration of A\$165.0 million (at the exchange rate of A\$1.00 = S\$1.28) as at 26 September 2012.
- Valuation as at 1 October 2011 based on Keppel REIT's interest in the respective properties unless otherwise stated.
- Based on the sum of the valuations of the 87.51% interest in Ocean Financial Centre as at 15 September 2011 and the 12.39% interest in Ocean Financial Centre as at 15 June 2012.
- Based on the exchange rate of A\$1.00 = S\$1.285.
- Based on the lower acquisition consideration of A\$154.4 million on completion.
- Based on the acquisition consideration of A\$165.0 million.
- Pre-committed lease.
- Includes rental support, interest income, dividend income and distributions of partnership profits.
- Includes rental support.
- Relates to the coupon interest income arising from the 8 Chifley Square Interest.

PORTFOLIO HIGHLIGHTS

(a) Broad Tenant Diversity

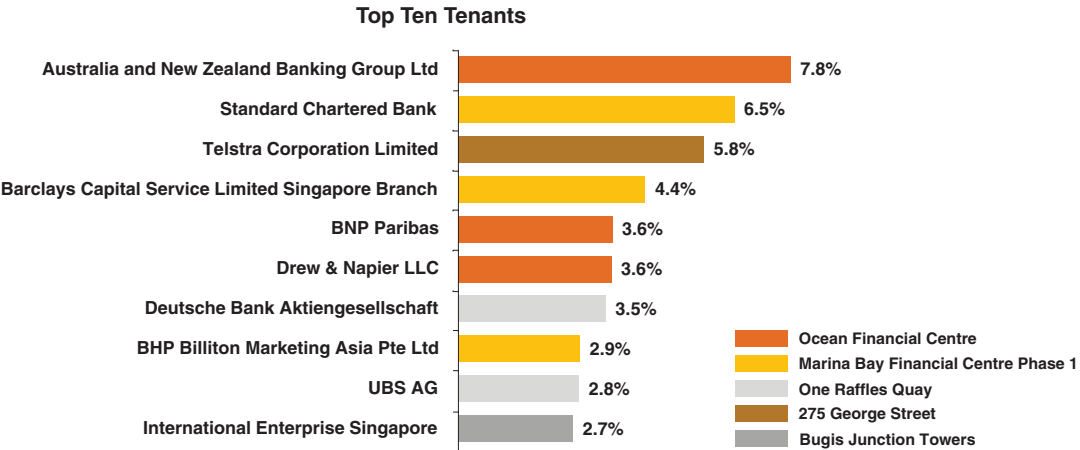
As at 30 September 2012, Keppel REIT’s portfolio comprises 216² tenants from leading companies across diversified business sectors, with the majority in banking, insurance and financial services sectors due to the locale of Keppel REIT’s portfolio in the CBD:



² Tenants with multiple leases are accounted as one tenant.

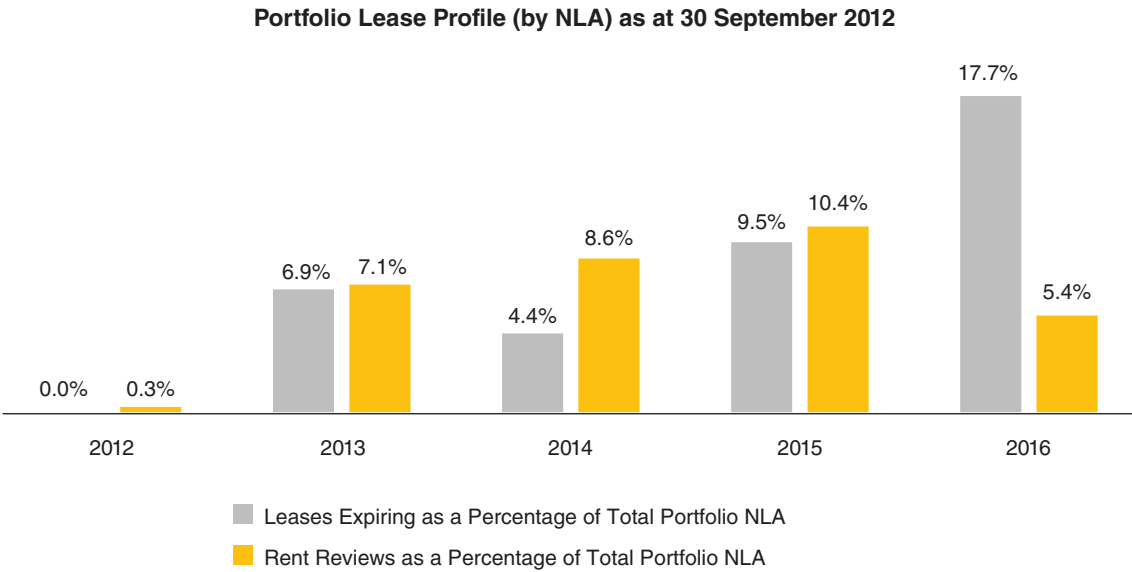
(b) Top Ten Tenants

As at 30 September 2012, the top 10 tenants accounted for 43.5% of the portfolio's NLA:



(c) Portfolio Lease Expiry and Rent Review Profiles

Keppel REIT maintains a well-staggered lease expiry profile, with the total amount of leases due for renewal and rent review in each year not exceeding 18% of the total portfolio's NLA:



SELECTED FINANCIAL INFORMATION OF KEPPEL REIT

Statement of Total Return for the Period Ended:

	9M2012 (Unaudited) S\$'000	9M2011 (Unaudited) S\$'000	FY2011 (Audited) S\$'000	FY2010 (Audited) S\$'000
<u>Statement of Total Return</u>				
Property income	116,073	55,348	77,968	84,559
Property expenses	(24,212)	(11,449)	(16,314)	(17,254)
Net property income	91,861	43,899	61,654	67,305
Rental support	69,029	28,423	45,633	26,366
Share of results of associates	34,801	25,415	37,393	9,695
Share of results of joint ventures	2	—	(33)	—
Interest income	21,365	17,086	23,048	12,052
Amortisation expense	(48,204)	(22,687)	(36,035)	(22,502)
Trust expenses	(32,787)	(19,035)	(28,209)	(20,943)
Borrowing costs	(34,378)	(20,939)	(28,932)	(16,821)
Change in fair value of derivative financial instruments	(595)	(791)	(787)	(452)
Net income before net change in fair value of investment properties and divestment gain	101,094	51,371	73,732	54,700
Net change in fair value of investment properties	—	—	228,735	31,591
Gain on divestment of investment property	—	—	—	26,439
Total return before tax	101,094	51,371	302,467	112,730
Income tax expense	(11,382)	(3,532)	(6,321)	(3,494)
Total return after tax	89,712	47,839	296,146	109,236
<u>Attributable to:</u>				
Unitholders	86,493	47,839	290,072	109,236
Non-controlling interest	3,219	—	6,074	—
	89,712	47,839	296,146	109,236
<u>Distribution Statement</u>				
Total return for the period attributable to Unitholders	86,493	47,839	290,072	109,236
Net tax adjustments	63,547	29,397	(177,107)	(23,605)
Income available for distribution to Unitholders	150,040	77,236	112,965	85,631
Distribution to Unitholders	150,040	77,236	112,965	85,631
Distribution Per Unit (cents)	5.80	3.06	7.08	6.37

Balance Sheets as at 30 September 2012, 31 December 2011 and 31 December 2010:

	30 September 2012 (Unaudited) S\$'000	31 December 2011 (Audited) S\$'000	31 December 2010 (Audited) S\$'000
Non-current assets			
Investment properties	3,467,544	3,472,069	1,025,634
Investment in associates	1,481,174	1,469,708	1,376,697
Investment in joint ventures	114,914	37,011	—
Advances to associates	606,222	606,222	604,348
Other non-current receivables	10,141	6,734	—
Fixed assets	41	53	—
Intangible asset	109,158	137,945	37,242
Derivative financial instruments	—	5,264	—
Total non-current assets	5,789,194	5,735,006	3,043,921
Current assets			
Trade and other receivables	42,440	30,582	21,144
Prepaid expenses	1,295	723	998
Cash and cash equivalents	104,606	85,741	49,860
Derivative financial instruments	7,154	4,835	—
Total current assets	155,495	121,881	72,002
Total assets	5,944,689	5,856,887	3,115,923
Current liabilities			
Trade and other payables	134,733	141,355	44,000
Income received in advance	2,330	2,352	5,225
Short-term borrowings	580,149	510,127	—
Current portion of security deposits	3,489	1,213	2,400
Derivative financial instruments	381	267	452
Provision for taxation	12,780	5,402	3,261
Total current liabilities	733,862	660,716	55,338
Non-current liabilities			
Income received in advance	33,381	15,179	4,310
Long-term borrowings	1,843,306	1,655,833	989,932
Derivative financial instruments	28,786	22,974	4,606
Non-current portion of security deposits	28,499	26,720	6,186
Total non-current liabilities	1,933,972	1,720,706	1,005,034
Total liabilities	2,667,834	2,381,422	1,060,372
Net assets	3,276,855	3,475,465	2,055,551
Represented By			
Unitholders' funds	3,275,128	3,262,632	2,055,551
Non-controlling interest	1,727	212,833	—
	3,276,855	3,475,465	2,055,551

Review of Performance for 9M2012 vs 9M2011

Property income for 9M2012 was \$116.1 million, a significant increase of \$60.7 million or 109.7% over that for 9M2011. The increase was due mainly to property income from Ocean Financial Centre of \$57.8 million and higher property income from Prudential Tower, 275 George Street and 77 King Street.

Net property income more than doubled to \$91.9 million in 9M2012 as compared to \$43.9 million in 9M2011, primarily as a result of the acquisition of Ocean Financial Centre in December 2011.

The Group's total return before tax for 9M2012 was \$101.1 million, a significant increase of 96.8% over 9M2011 as a result of higher net property income, higher contributions from the associates, higher interest income and rental support, partly offset by higher amortisation expense, borrowing costs and management fees expense resulting from the increased assets under management.

Distribution to Unitholders increased by 94.3% to \$150.0 million in 9M2012 from \$77.2 million in 9M2011.

9M2012 DPU rose by 89.5% to 5.80 cents from 3.06 cents in 9M2011.

Review of Performance for FY2011 vs FY2010

The Group's net income for FY2011 was S\$73.7 million, an increase of 34.8% over that for FY2010, due mainly to higher contributions from the associated companies, higher interest income and rental support, partly offset by lower net property income, higher amortisation expenses, borrowing costs and management fees.

Property income for FY2011 was S\$78.0 million, a S\$6.6 million or 7.8% decrease over that for FY2010. The decrease was due mainly to the loss of property income from the divestment of Keppel Towers and GE Tower, partly offset by higher property income from the two Australian properties, Bugis Junction Towers and Ocean Financial Centre's property income of S\$2.9 million.

Property expenses decreased by S\$0.9 million or 5.4% from FY2010 to S\$16.3 million in FY2011 in line with the decrease in property income.

Total return before tax for FY2011 of S\$302.5 million, which included a net fair value gain of S\$228.7 million, was 168.3% higher than total return before tax for FY2010 of S\$112.7 million, which included a net fair value gain of S\$31.6 million.

Distribution to Unitholders increased by 31.9% to S\$113.0 million in FY2011 from S\$85.6 million in FY2010.

FY2011 Distribution Per Unit rose by 11.1% to 7.08 cents from 6.37 cents in FY2010.

COMPETITIVE STRENGTHS

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

- **High Quality Office Assets.** The Properties are strategically located within or near the CBD and enjoy high levels of connectivity with public transportation, and in particular, are in close proximity to or adjacent to MRT stations.

All its properties in Singapore have been awarded a minimum Green Mark Gold by the Building and Construction Authority of Singapore and certified Water Efficient Building by the Public Utilities Board. Prudential Tower, One Raffles Quay and MBFC Phase One were awarded the prestigious FIABCI Prix d-Excellence Award (office category) (2003), (office category) (2008) and (office category) (2011) respectively for high quality building specifications and finishes. MBFC Phase One also won the MIPIM Asia Award (mixed-use building category). Ocean Financial Centre was awarded both the Green Mark Platinum award and the Platinum Level LEED-CS pre-certification.

275 George Street and 8 Chifley Square are rated 5-star Green Star — Office As Built v2 and 6-Star Green Star Office Design v2 by the Green Building Council of Australia respectively. 275 George Street has also been rated 5-star NABERS Energy by the New South Wales Office of Environment Heritage.

- **High Committed Occupancy.** As at 30 September 2012, Keppel REIT's portfolio achieved average committed occupancy of the Properties (by NLA) of 98.2%. The high occupancy rates are indications of the healthy demand for office space in each of the Properties, attributable to their strategic locations as well as proactive management policies with respect to the renewal and replacement of tenants. The weighted average lease term of the Properties is 6.1 years and a good mixture of long and short lease terms enhances stability of rental income. Most of the leases expiring or subject to rent review in the year 2012 have already been secured and higher rental income has been locked in for the year.
- **Quality and Diversified Tenant Base.** The Properties have attracted quality tenants such as Australia and New Zealand Banking Group, Barclays Capital, BHP Billiton, BNP Paribas, Deutsche Bank, Drew & Napier LLC, International Enterprise Singapore, Standard Chartered Bank, Telstra Corporation and UBS AG, which make up a good and diverse tenant base. Keppel REIT's gross rental income is well-distributed amongst its various tenants. The Keppel REIT Manager aims to maintain a diverse tenant trade sector profile to mitigate the risk of over-reliance on any one particular industry and enhance stability of rental income.
- **Benefit from Continued Demand in the Office Real Estate Market.** Demand for space in quality commercial buildings is expected to continue in spite of the current uncertainties with respect to the global economy. Furthermore, Singapore's increasing attractiveness as a key business location in Asia will also continue to underpin demand. Bolstered by its good portfolio of office properties, Keppel REIT is in the position to ride on this trend.
- **Strong Capital Position.** Keppel REIT's aggregate leverage stood at 44.1% as at 30 September 2012 with borrowings of approximately S\$2.800³ billion diversified across 12 lenders. The borrowings carried an all-in weighted average interest rate of 2.00% for the third quarter of 2012 and an interest coverage ratio of 5.2 times. The Keppel REIT Manager plans to refinance S\$598 million of borrowings, which will be due on 31 December 2012, for five years to 2017. This will extend the debt weighted average term to maturity from 2.3 years as at 30 September 2012 to 3.4 years and unencumber more assets in the future.

³ These include Keppel REIT's proportionate share of the deferred payments due to the construction of the car park and retail podium at Ocean Financial Centre and share of associated entities' borrowings.

- **Long Term Land Leases.** 275 George Street in Brisbane, Australia and the 77 King Street Office Tower in Sydney, Australia are located on freehold land. Bugis Junction Towers, MBFC Phase One, Ocean Financial Centre, One Raffles Quay, Prudential Tower and 8 Chifley Square (in Australia) are held on 99-year tenure leases, expiring on 9 September 2089, 10 October 2104, 13 December 2110, 12 June 2100, 14 January 2095, and 5 April 2105 respectively.
- **Experienced and Professional Management.** The Keppel REIT Manager and Keppel REIT Asia Property Management Pte Ltd (which is one of the property managers of Keppel REIT) are wholly-owned subsidiaries of Keppel Land, which is recognised for developing and managing good quality office assets such as the award-winning Ocean Financial Centre and Prudential Tower. The Keppel REIT Manager is staffed by experienced professionals in the real estate industry, with a track record of successfully investing in and managing quality real estate and real estate-related assets in Singapore and in Asia. Key staff members of the Keppel REIT Manager have in-depth real estate investment, asset management, financial and capital management and research experience.
- **Opportunities for Potential Acquisitions.** Keppel REIT has as its sponsor, Keppel Land, a leading developer of commercial properties in Singapore. Keppel Land is one of the largest property companies listed on the SGX-ST by market capitalisation. It is an established developer of quality housing, investment-grade offices and integrated projects, and is geographically diversified in Asia with a current focus on Singapore, China, Thailand, Vietnam, Indonesia and India. It is also an established manager of property funds. Keppel Land is one of the largest developers of quality commercial properties in the CBD in Singapore. Together with partners, Keppel Land developed the prime Grade-A One Raffles Quay and MBFC in the Marina Bay precinct. Keppel Land also developed Ocean Financial Centre in the Raffles Place precinct. The association with Keppel Land offers potential avenues for growth for Keppel REIT, through transactions on individual properties and by accessing its networks and its development expertise. Over and above this, the Keppel REIT Manager will also pursue acquisitions of suitable quality real estate and real estate-related assets within its defined investment criteria from other parties.

STRATEGY

The principal investment strategy of Keppel REIT is to achieve stable income and long-term growth in net asset value for stakeholders by investing primarily in a portfolio of quality real estate and real estate-related assets which are income-producing and used predominantly for commercial purposes in Singapore and across Asia.

The Keppel REIT Manager implements the investment strategy in accordance with the following guidelines:

- investments are generally for the long term;
- the investment portfolio comprises primarily income-producing real estate and real estate-related assets;
- properties within the portfolio are used predominantly for commercial purposes; and
- investments are made, depending on investment opportunities and conditions, in Singapore and in Asia.

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

Key Objectives

The key objectives of the Keppel REIT Manager are to deliver stable and sustainable returns to the Unitholders and to achieve long-term growth in the net asset value per Unit so as to provide a competitive investment return to the Unitholders.

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

- **Acquisition Growth Strategy.** The Keppel REIT Manager plans to acquire additional commercial properties that meet its investment criteria and that will potentially add value to Keppel REIT's portfolio.
- **Active Asset Management Strategy.** The Keppel REIT Manager plans to implement strategies to increase property yield of the Properties and as such maximise net returns from the Properties.
- **Prudent Capital Management Strategy.** The Keppel REIT Manager plans to employ appropriate debt and equity financing strategies.

Acquisition Growth Strategy

The Keppel REIT Manager focuses on quality commercial properties that are strategically located within CBDs and seeks acquisitions that offer stable income growth and capital appreciation in the medium-to long-term. The Keppel REIT Manager adheres to stringent criteria when evaluating potential acquisitions. This involves a thorough review of exposures, risks and returns, vis-a-vis the overall value-add to Keppel REIT's existing portfolio and future growth expectations.

Active Asset Management Strategy

With the aim of maximising returns for Unitholders and delivering value to stakeholders, Keppel REIT is committed to proactive asset and investment management.

The Keppel REIT Manager delivers value to its tenants by continuously maintaining and enhancing its properties and the quality of their environment, by understanding and meeting its tenants' needs. The Keppel REIT Manager has established long-standing and valued tenant relationships, as evidenced by its high tenancy retention rates. The Keppel REIT Manager continues to engage its tenants by providing networking opportunities to strengthen meaningful landlord-tenant relationships.

The Keppel REIT Manager also makes concerted efforts in communicating its performance and outlooks to all stakeholders as it believes good corporate governance and transparency is fundamental to sustainable growth.

Prudent Capital Management Strategy

The Keppel REIT Manager adopts a prudent approach towards capital management. Keppel REIT leverages the strong credit standing of its sponsor, Keppel Land, to negotiate favourable credit facilities. To mitigate refinancing risks and interest rate fluctuations, the Keppel REIT Manager diversifies its sources of funding and balances the debt expiring profile, as well as hedges its exposure to fluctuations in interest and foreign exchange rates through the use of appropriate financial instruments.

STRUCTURE AND ORGANISATION OF KEPPEL REIT

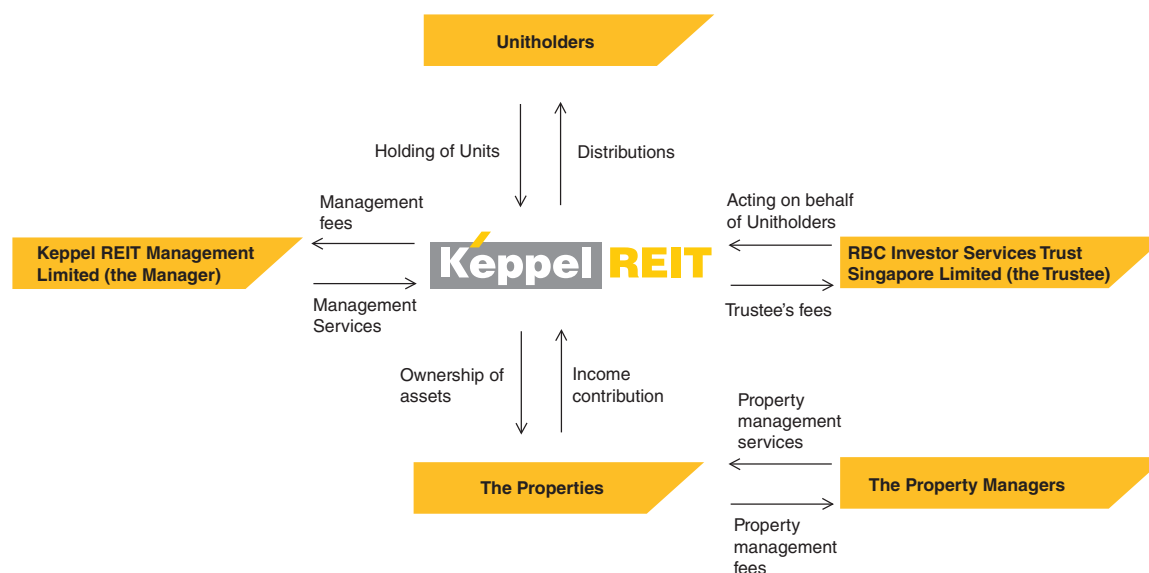
In this section, “**Deposited Property**” means all of the assets for the time being of Keppel REIT or deemed to be held upon the trust constituted under the Keppel REIT Trust Deed; “**Depository Services Agreement**” means the depository services agreement entered into between CDP, the Keppel REIT Manager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

Operational Structure

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

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

Trust Structure



The Keppel REIT Trust Deed

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

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

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

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

The Units and Unitholders

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

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

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

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

No certificate shall be issued to Unitholders by either the Keppel REIT Manager or the Keppel REIT Trustee in respect of Units issued to Unitholders. For so long as Keppel REIT is listed, quoted and traded on the SGX-ST and/or any other Recognised Stock Exchange and the Units have not been suspended from such listing, quotation and trading for more than 60 consecutive calendar days or delisted permanently, the Keppel REIT Manager shall pursuant to the Depository Services Agreement, appoint CDP as the Unit depository for Keppel REIT, and all Units issued will

be represented by entries in the register of Unitholders kept by the Keppel REIT Trustee or the agent appointed by the Keppel REIT Trustee in the name of, and deposited with, CDP as the registered holder of such Units. The Keppel REIT Manager or the agent appointed by the Keppel REIT Manager shall issue to CDP not more than 10 Business Days after the issue of Units a confirmation note confirming the date of issue and the number of Units so issued and, if applicable, also stating that the Units are issued under a lock-up and the expiry date of such lock-up and for the purposes of the Keppel REIT Trust Deed, such confirmation note shall be deemed to be a certificate evidencing title to the Units issued.

Amendment of the Keppel REIT Trust Deed

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

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

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

The Keppel REIT Trustee

The Keppel REIT Trustee is RBC Investor Services Trust Singapore Limited (formerly known as RBC Dexia Trust Services Singapore Limited). The Keppel REIT Trustee is a company incorporated in Singapore and registered as a trust company under the Trust Companies Act, Chapter 336 of Singapore. It is approved to act as a trustee for authorised collective investment schemes under the SFA. The Keppel REIT Trustee has a paid-up capital of S\$6,000,000. The Keppel REIT Trustee has a place of business in Singapore at 20 Cecil Street #28-01 Equity Plaza, Singapore 049705.

Powers, Duties and Obligations of the Keppel REIT Trustee

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

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

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

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

Although the Keppel REIT Trustee may borrow money and obtain other financial accommodation for the purposes of Keppel REIT, both on a secured and unsecured basis, the Keppel REIT Manager must not direct the Keppel REIT Trustee to incur a liability if to do so would mean that the aggregate leverage of Keppel REIT exceeds 35.0% (or such other limit as may be stipulated by the MAS) of the value of its Deposited Property in accordance with the provisions of the Property Funds Appendix⁴.

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

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

Retirement and Replacement of Keppel REIT Trustee

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

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

⁴ As at the Latest Practicable Date, Keppel REIT is rated and allowed to borrow up to a maximum of 60.0% of the value of its Deposited Property under the Property Funds Appendix.

Termination of Keppel REIT

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

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

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

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

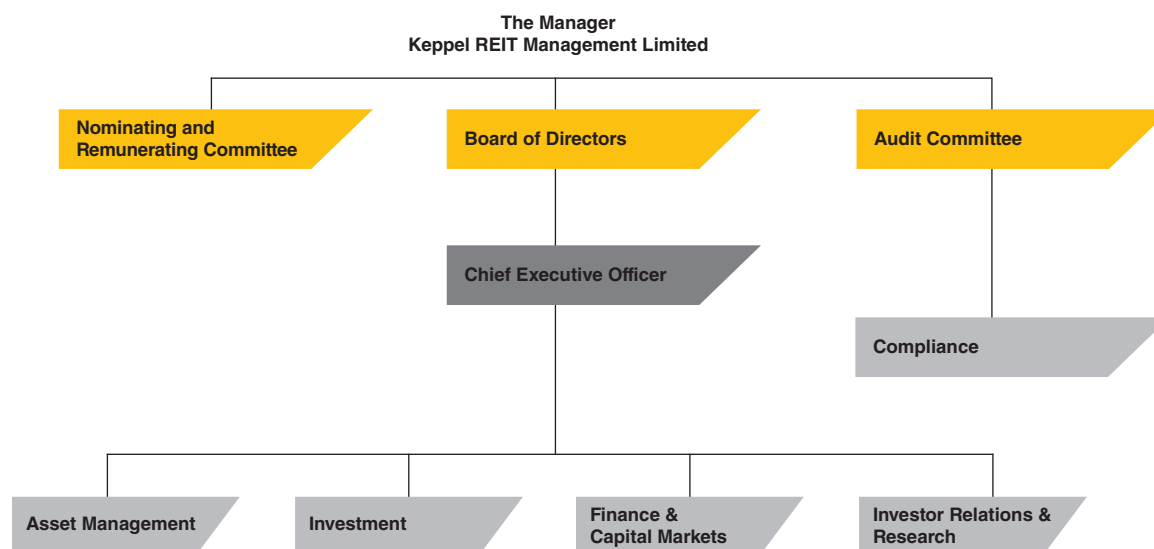
Subject to the SFA and any other applicable law or regulation, Keppel REIT may be terminated by the Keppel REIT Trustee by notice in writing as hereinafter provided in any of the following events, namely:

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

The Keppel REIT Manager

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

Management Reporting Structure of the Keppel REIT Manager



Roles and Responsibilities of the Keppel REIT Manager

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

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

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

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

The Keppel REIT Manager may require the Keppel REIT Trustee to borrow on behalf of Keppel REIT (upon such terms and conditions as the Keppel REIT Manager deems fit, including the charging or mortgaging of all or any part of the Deposited Property) whenever the Keppel REIT Manager considers, among other things, that such borrowings are necessary or desirable in order to enable Keppel REIT to meet any liabilities or to finance the acquisition of any property. However, the Keppel REIT Manager must not direct the Keppel REIT Trustee to incur a borrowing if to do so would mean that Keppel REIT's total borrowing would exceed 35.0% (or such other limit as may be stipulated by the MAS) of the value of its Deposited Property immediately prior to the time the borrowing is incurred⁵.

In the absence of fraud, negligence, wilful default or breach of the Keppel REIT Trust Deed by the Keppel REIT Manager, it shall not be in any way responsible for any loss, costs or damages that may result from the exercise or non-exercise, in good faith of any powers or discretions vested in

⁵ As at the Latest Practicable Date, Keppel REIT is rated and allowed to borrow up to a maximum of 60.0% of the value of its Deposited Property under the Property Funds Appendix.

it under the Keppel REIT Trust Deed. In addition, the Keppel REIT Manager shall be entitled, for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be put as Keppel REIT Manager, to have recourse to the Deposited Property or any part thereof save where such actions, cost, claim damage, expense or demand is occasioned by the fraud, negligence, wilful default or breach of the Keppel REIT Trust Deed by the Keppel REIT Manager. The Keppel REIT Manager may, in managing Keppel REIT and in carrying out and performing its duties and obligations under the Keppel REIT Trust Deed, with the written consent of the Keppel REIT Trustee, appoint such person(s) to exercise any or all of its powers and discretions and to perform all or any of its obligations under the Keppel REIT Trust Deed, provided always that the Keppel REIT Manager shall be liable for all acts and omissions of such persons as if such acts and omissions were its own.

Retirement or Removal of the Keppel REIT Manager

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

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

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

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

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

Management of the Keppel REIT Manager

Directors of the Keppel REIT Manager

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

Name	Position
Dr Chin Wei-Li, Audrey Marie	Chairman and Independent Non-Executive Director
Mr Wong Kingcheung Kevin	Deputy Chairman and Non-Executive Director
Ms Ng Hsueh Ling	Chief Executive Officer and Executive Director
Mr Loh Chin Hua	Non-Independent Non-Executive Director
Mrs Lee Ai Ming	Non-Independent Non-Executive Director
Mr Tan Chin Hwee	Independent Non-Executive Director
Mr Chan Choon Seng Daniel	Independent Non-Executive Director
Mr Lee Chiang Huat	Independent Non-Executive Director
Mr Lor Bak Liang	Independent Non-Executive Director

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

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

Dr Chin was the Head of Investment Services at Fortis Private Banking Singapore Ltd (formerly known as MeesPierson Asia Limited), the Private Bank of Fortis. Prior to joining MeesPierson, she was an Asset Allocation Strategies Partner at Pacific Asset Management (S) Pte Ltd, a licenced boutique fund manager in Singapore. She was also an executive director of Rossignol Private Limited, an investment advisor providing consultancy services to institutional fund managers.

Between 1996 and 1999, Dr Chin was Division Head, Asset Allocation in the Economics and Strategy Department of the GIC. She began her career at GIC in 1989.

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

Mr Wong Kingcheung Kevin has been the Deputy Chairman and Non-Executive Director of the Keppel REIT Manager since 28 November 2005. He is concurrently the Group Chief Executive Officer of Keppel Land. He is a board member of the Building and Construction Authority (“**BCA**”) and Deputy Chairman of the BCA Academy Advisory Panel. He is also a director of Prudential Assurance Company Singapore (Private) Limited. Prior to joining Keppel Land, Mr Wong had diverse experience in the real estate industry in the United Kingdom, the United States and Singapore.

Mr Wong holds a Bachelor Degree in Civil Engineering with First Class Honours from Imperial College, University of London, and a Masters degree from the Massachusetts Institute of Technology, USA.

Ms Ng Hsueh Ling has been the Chief Executive Officer and Executive Director of the Keppel REIT Manager since 17 August 2009. She has 21 years experience in the real estate industry. She is also a director on the Board of the National Art Gallery, Singapore.

Her experience encompasses the strategic sourcing, investment, asset and portfolio management and development of assets in key Asian cities, as well as extensive fund management experience in the areas of real estate fund product creation, deal origination, distribution and structuring of real estate-based financial products.

Prior to this appointment, Ms Ng has held key positions with two other real estate companies, CapitaLand and Ascendas. Before her appointment as Chief Executive Officer and Executive Director of the Keppel REIT Manager, she was CEO (Korea & Japan) at Ascendas Pte Ltd.

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

Mr Loh Chin Hua was appointed to the Board of Directors of the Keppel REIT Manager on 3 July 2012. He is also Chairman of Alpha Investment Partners Limited (Alpha), the real estate fund management arm of Keppel Land.

Mr Loh has over 25 years of experience in real estate investing and funds management spanning the US, Europe and Asia. Prior to joining Alpha, he was Managing Director at Prudential Investment Management Inc. where he led its Asian real estate fund management business. He was responsible for overseeing all investment and asset management activities for the real estate funds managed out of Asia.

Mr Loh started his career in real estate investment with GIC. He has held appointments in the San Francisco office and was head of the European real estate group in London before returning to head the Asian real estate group at GIC.

Mr Loh holds directorship in several companies within the Keppel Group including Keppel Shipyard Limited, Keppel FELS Limited, Keppel Offshore & Marine Ltd, Keppel Land, Keppel Land China Limited as well as various fund companies and subsidiaries.

He is a Colombo Plan Scholar and holds a Bachelor in Property Administration from the Auckland University as well as a Presidential Key Executive MBA from the Pepperdine University. He is also a Chartered Financial Analyst and a Registered Valuer from the New Zealand Institute of Valuers.

Mrs Lee Ai Ming has been an Independent Non-Executive Director of the Keppel REIT Manager since 28 November 2005. Mrs Lee was redesignated as Non-Independent Non-Executive Director with effect from 9 April 2012. She has also been an independent director of Keppel Land since November 2002 and currently serves on the Audit, Risk and Safety Committee of Keppel Land.

Mrs Lee is a senior partner of the law firm of Rodyk & Davidson LLP. She has practised law for more than 20 years in the areas of commercial litigation, real estate and intellectual property. Mrs Lee is also an independent director, chairperson of the nominating committee and member of the audit committee of HTL Int'l Holdings Limited. In addition, she is a director of the Agri-Food & Veterinary Authority of Singapore and serves on its Audit Committee.

Mrs Lee serves in leadership roles of other forums, including the Singapore Law Society, the Federation Internationale des Conseils en Propriete Industrielle, Asian Patent Attorney's Association, and the International Trade Marks Association.

Mrs Lee holds a Bachelor of Laws (Honours) Degree from the University of Singapore, and is an Advocate & Solicitor of the Supreme Court of Singapore.

Mr Tan Chin Hwee has been an Independent Non-Executive Director of the Keppel REIT Manager since 14 September 2010. Mr Tan runs the Asia capital market business of Apollo Global Management, a leading global alternative investment firm. Prior to joining Apollo (Singapore), Mr Tan was a managing director at Amaranth, where he pioneered a number of historic capital market “firsts” in public and private investment opportunities across the capital structure in India, Singapore, Pakistan, Indonesia and Taiwan.

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

Mr Tan was honoured as a World Economic Forum Young Global Leader 2010 and was also voted by the *Hedge Fund Journal* as among the merging top 40 absolute return investors globally. He was also named as Best Asia Credit Hedge Fund by Hong Kong-based publication, *The Asset*. He is also a director of Lien Aid Limited (Singapore).

Mr Lee Chiang Huat has been an Independent Non-Executive Director of the Keppel REIT Manager since 9 April 2012. Mr Lee is currently the Managing Director of Icurrencies Pte Ltd, a company set up in March 2012 to explore opportunities in web based currencies trading, exchange and remittances.

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

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

Mr Chan Choon Seng Daniel has been an Independent Non-Executive Director of the Keppel REIT Manager since 9 April 2012. Mr Chan runs his own asset management firm, DCG Capital, an Exempt Fund Management company investing mainly in Asian equities. Prior to setting up DCG Capital in 2011, Mr Chan was the Chief Executive Officer of Lion Global Investors (“**Lion**”), the asset management subsidiary of the OCBC Group. He was instrumental in establishing Lion through the merger of Straits Lion Asset Management, a subsidiary of Great Eastern Holdings, with OCBC Asset Management in 2005. From September 2005 to September 2009, Mr Chan was also Lion’s Chief Investment Officer.

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

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

Mr Lor Bak Liang has been an Independent Non-Executive Director of the Keppel REIT Manager since 9 April 2012. He is a director of Werone Connect Pte. Ltd., a company engaged in business consultancy. Mr Lor was Executive Vice President and Head of Asset Management (Asia) in GIC Real Estate Pte Ltd. He was with GIC Real Estate from 1993 to 2007. Prior to joining GIC Real Estate, he was with the Strategic Planning and Business Development Division of DBS Land. Mr Lor began his career as a civil engineer in the Public Works Department in 1982.

Mr Lor graduated from University of Adelaide with a Bachelor of Engineering (Hons) and National University of Singapore with MSc (Business Administration) and MSc (Civil Engineering). His professional qualifications include Professional Engineer and Certified Financial Analyst.

Key Executives of the Keppel REIT Manager

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

Name	Position
Ms Ng Hsueh Ling	Chief Executive Officer and Executive Director
Mr Lionel Chua	Financial Controller, Finance
Mr Ivan Lim	Vice President, Capital Markets
Mr Toh Wah San	Senior Vice President, Asset Management
Mr Chua Hsien Yang	Senior Vice President, Investment
Ms Phoebe Pua	Manager, Compliance
Ms Casiopia Low	Manager, Investor Relations & Research

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

Mr Lionel Chua is the Financial Controller of the Keppel REIT Manager and has more than 15 years of experience in financial and management accounting in listed companies including CapitaLand Limited, Singapore Airlines Limited and The Ascott Group Limited. Prior to joining the Keppel REIT Manager, he was the Chief Financial Officer of Mary Chia Holdings Limited. Mr Chua holds a Bachelor of Accountancy Degree from the Nanyang Technological University. He is a member of the Institute of Certified Public Accountants of Singapore.

Mr Ivan Lim is the Vice President, Capital Markets of the Keppel REIT Manager and has more than 11 years of experience in finance, accounting, cross-border tax structuring, corporate finance, treasury operations, asset management, fund management and property valuation. Prior to joining the Keppel REIT Manager, he was the Financial Controller of the Ascendas private fund for Korea and Japan, as well as the Corporate Finance Manager for Mapletree Logistics Trust Management Limited.

Mr Lim holds a Bachelor of Estate Management (Honours) from University of Malaya, Kuala Lumpur. He is a Licensed Valuer, Estate Agent & Property Manager with the Board of Valuers Malaysia and a Fellow Member of the Chartered Certified Accountants, United Kingdom (UK).

Mr Toh Wah San is the Senior Vice President, Asset Management of the Keppel REIT Manager and has over 27 years of experience in the construction and real estate industry, with particular expertise in real estate development and asset management.

Prior to joining the Keppel REIT Manager, Mr Toh held senior appointments with MC Asia Management, GIC Real Estate, ING Real Estate and Rodamco Asia where he was responsible for regional real estate investments and asset management across Asian countries including Korea and Japan.

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

Mr Chua Hsien Yang is the Senior Vice President, Investment of the Keppel REIT Manager and has more than 10 years of experience in mergers and acquisitions, real estate investments, business development and asset management in the real estate sector within Asia-Pacific. Prior to joining the Keppel REIT Manager, he was Director, Business Development & Asset Management at Ascott Residence Trust Management Limited.

Mr Chua holds a Bachelor of Civil Engineering Degree from University of Canterbury, New Zealand, and a MBA from University of Western Australia.

Ms Phoebe Pua is the Manager, Compliance of the Keppel REIT Manager and has more than seven years experience in various areas of the real estate industry, including enterprise risk management, financial analysis and stress testing. She was previously Assistant Manager, Corporate Development in Keppel Land Limited where she was an advocate for enterprise risk management.

Ms Pua has a Bachelor of Science Degree in Economics and Master of Science in Financial Engineering from NUS.

Ms Casiofia Low is the Manager, Investor Relations and Research of the Keppel REIT Manager and has more than seven years of experience in investor relations, corporate communications and marketing. Prior to joining the Keppel REIT Manager, she was handling investor relations and corporate communications at another real estate investment trust listed on the SGX-ST.

Ms Low holds a Bachelor of Business Management Degree (Honours) and MBA, both from Singapore Management University.

RISK FACTORS

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

Limitation of this Information Memorandum

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

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

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

RISKS RELATING TO THE NOTES

Absence of secondary market for the Notes

The Notes are a new issue of securities for which there is currently no trading market. There is no assurance that an active trading market for the Notes will develop, or as to the liquidity or sustainability of any such market, the ability of holders to sell their Notes or the price at which holders of the Notes will be able to sell their Notes. If an active market for the Notes fails to develop or be sustained, the value of the Notes could fall. If an active trading market were to develop, the Notes could trade at prices that may be lower than the initial offering price of the Notes.

Fluctuation of the market value of the Notes

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

Interest Rate Risk

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

Inflation Risk

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

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

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

The Notes may not be a suitable investment for all investors

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

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained in this Information Memorandum or any applicable supplement to this Information Memorandum;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and

- be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

The Notes may be subject to optional redemption by the Issuer

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

Variable Rate Notes may have a multiplier or other leverage factor

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

Notes may be issued at a substantial discount or premium

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

Investors should be aware that Keppel REIT is not bound by a negative pledge clause under the terms and conditions of the Notes

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

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

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

Noteholders may be subject to tax in Singapore and other jurisdictions

Prospective purchasers of the Notes are advised to consult their own tax advisors concerning the overall tax consequences of the acquisition, ownership or disposition of the Notes. See "*Singapore Taxation*" for certain Singapore tax consequences.

Noteholders may face the risk of changes in Singapore taxation laws and regulations

The Notes to be issued from time to time under the MTN Programme, during the period from the date of this Information Memorandum to 31 December 2013, are intended to be "qualifying debt securities" for the purposes of the ITA, subject to the fulfilment of certain conditions more particularly described in the section "*Singapore Taxation*". However, there is no assurance that such Notes will continue to enjoy the tax concessions for qualifying debt securities should the relevant tax laws be amended or revoked at any time.

The QDS Plus Scheme (as defined in the "*Singapore Taxation*" section of this Information Memorandum) has also been introduced as an enhancement to the Qualifying Debt Securities Scheme. Under the QDS Plus Scheme, subject to certain qualifications and conditions, income tax exemption is granted on interest, discount income (not including discount income arising from secondary trading), "prepayment fee", "redemption premium" and "break cost" (as such terms are defined in the ITA) derived by any investor from qualifying debt securities (excluding Singapore Government Securities) which:

- (a) are issued during the period from 16 February 2008 to 31 December 2013;
- (b) have an original maturity of not less than 10 years;
- (c) cannot be redeemed, converted, called or exchanged within 10 years from the date of their issue; and
- (d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

With respect to any tranche of the Notes issued with an original maturity of at least 10 years and which are "qualifying debt securities", there is no assurance that holders of such Notes would enjoy any tax exemption under the QDS Plus Scheme as it is currently unclear how the above requirements would be applicable in the context of certain events occurring within 10 years from the date of issue of such Notes.

Enforcement of Guarantee

Noteholders should note that the Guarantee is issued by the Keppel REIT Trustee and not Keppel REIT as the latter is not a legal entity. Noteholders should note that under the terms of the Guarantee, Noteholders may only have recourse to the assets of Keppel REIT and not the Keppel REIT Trustee personally nor any other assets held by it as trustee of any trust (other than Keppel

REIT). Further, Noteholders do not have direct access to the assets of Keppel REIT but may only have recourse to such assets through the Keppel REIT Trustee and if necessary seek to subrogate to the Keppel REIT Trustee's right of indemnity out of the trust properties, and accordingly, any claim to such assets is derivative in nature. A Noteholder's right of subrogation therefore could be limited by the Keppel REIT Trustee's right of indemnity. Noteholders should also note that such right of indemnity of the Keppel REIT Trustee may be lost by virtue of fraud, negligence or wilful default of the Keppel REIT Trustee or breach of any provisions of the Keppel REIT Trust Deed or breach of trust by the Keppel REIT Trustee. In this regard, the Notes Trust Deed, the Programme Agreement, the Agency Agreement and the Notes (the "**Relevant Documents**") provide that any liability of or indemnity given by the Keppel REIT Trustee under the Relevant Documents is limited to the assets of Keppel REIT over which the Keppel REIT Trustee has recourse and shall not extend to any personal, or other assets of the Keppel REIT Trustee, or any assets held by the Keppel REIT Trustee as trustee of any trust (other than Keppel REIT).

RISKS RELATING TO INVESTMENTS IN REAL ESTATE

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

The gross revenue earned from the Keppel REIT Properties may be adversely affected by a number of factors, including:

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

- (xi) natural disasters, acts of God, wars, terrorist attacks, riots, civil commotions, widespread communicable diseases and other events beyond the control of Keppel REIT or the Keppel REIT Manager.

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

The Keppel REIT Properties may be subject to increase in property expenses

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

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

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

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

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

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

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

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

Competition from other commercial properties both within and outside of the CBD

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

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

Illiquidity of the Keppel REIT Properties

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

Keppel REIT is exposed to risks associated with changes to laws and policies in Singapore and Australia, and in particular, Keppel REIT Properties located in Singapore and Australia may be subject to compulsory acquisition by the respective governments in those countries

As at the date of this Information Memorandum, Keppel REIT's portfolio consists of real estate located in Singapore and Australia and it will therefore be subject to real estate laws, securities laws, tax laws and any other applicable laws and policies and any unexpected changes to the same in Singapore and/or Australia.

The Land Acquisition Act, Chapter 152 of Singapore, *inter alia*, gives the Government of Singapore the power to acquire any land in Singapore. Compulsory acquisition of land in Australia is administered at the Commonwealth, State and Local levels. The relevant legislation include the Lands Acquisition Act 1989 which is administered by the Government of the Commonwealth of Australia, the Land Act 1994 and the Acquisition of Land Act 1967 which are administered by the State of Queensland and the Land Acquisition (Just Terms Compensation) Act 1991 which is administered by the State of New South Wales.

Accordingly, if the market value of a property or part thereof which is compulsorily acquired is greater than the compensation which may be received by Keppel REIT as a result of such compulsory acquisition, this could have an adverse effect on the financial condition and results of operations of Keppel REIT.

Potential liability for environmental problems could result in unanticipated costs

The Keppel REIT Properties are or may be subject to various environmental laws, including those relating to soil contamination, health and hygiene, air pollution control, water pollution control, waste disposal and noise pollution control and storage of hazardous materials. The costs of

removal or remediation of such substances could be substantial. These laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of hazardous substances. There can be no assurance that potential environmental liabilities do not exist or will not arise in the future. The presence of contamination or hazardous substances on the Keppel REIT Properties could adversely affect its ability to lease or sell such facilities or to borrow using these properties as collateral, which could have a material adverse effect on Keppel REIT's business, financial condition, results of operations and prospects.

RISKS RELATING TO KEPPEL REIT'S OPERATIONS

Keppel REIT is exposed to economic conditions as well as real estate market conditions (including uncertainties and instability in global market conditions and increased competition in the real estate or commercial properties market)

As at the date of this Information Memorandum, Keppel REIT's portfolio consists of real estate located in Singapore and Australia. As a result, Keppel REIT's gross revenue and results of operations depend on the performance of the Singapore and Australia economies. A decline in such economies could adversely affect Keppel REIT's results of operations and future growth.

Keppel REIT's performance may also be adversely affected by real estate market conditions, such as the competitiveness of competing commercial properties, an oversupply of commercial properties or reduced demand for commercial properties.

Further, the performance of Keppel REIT may be adversely affected by local real estate market conditions and global economic conditions, including:

- (i) the ability of the tenants of Keppel REIT to pay their rents in a timely manner or to continue with their leases. In particular, as at 30 September 2012, the top ten tenants of Keppel REIT accounted for 43.5% of the portfolio's NLA. Any significant downturn in the business of these tenants may have an adverse impact on Keppel REIT's results of operations;
- (ii) an increase in counterparty risk; and
- (iii) an increased likelihood that one or more of Keppel REIT's banking syndicate or insurers may not be able to fulfil their commitments to Keppel REIT.

There is also uncertainty as to the scale of the downturn affecting the U.S. and/or the global economy, the decrease in consumer demand and the impact of the global downturn on the Singapore and Australia economies. Any of the foregoing may result in an adverse effect on businesses worldwide, including that of Keppel REIT.

Income from the Keppel REIT Properties may fall in the event any party which is contractually bound to provide the Rental Support (as defined below) fails to fulfil its payment obligations, or upon the expiry of the Rental Support

Keppel REIT receives rental support for certain periods of time in the form of rental support top-up payments for some of its Properties (the "**Rental Support**"), namely MBFC Phase One, Ocean Financial Centre, Prudential Tower and 77 King Street Office Tower, as part of the acquisition of interests in each of these Properties.

Upon the expiration of the Rental Support, income from the aforementioned Properties may fall if the revised rental income pursuant to rental reversions is lower than the guaranteed income amounts under the Rental Support. This may adversely affect the financial conditions and result of operations of Keppel REIT.

In addition, if any party which is contractually bound to provide the Rental Support fails to fulfil its payment obligations, this may also have an adverse impact on the financial conditions and results of operations of Keppel REIT.

There is no assurance that the other joint venture partners of the existing property holding companies/trusts or other joint owners will cooperate on matters concerning these companies/trust or jointly owned properties

Several of the existing partnership/property holding companies/trust/jointly owned properties, such as BFC Development LLP in relation to the MBFC Interest, ORQPL in relation to the One Raffles Quay Interest, Mirvac 8 Chifley Trust in relation to the 8 Chifley Square Interest and 275 George Street, are not wholly-owned by Keppel REIT. Accordingly, the Keppel REIT Trustee does not have sole discretion to manage these properties through the partnership/property holding companies/trust/jointly owned properties.

Under the relevant shareholders' agreements, partnership agreements, joint venture/owners agreements (as the case may be) relating to the partnership/property holding companies/trust/jointly owned properties that are not wholly-owned by Keppel REIT, certain matters, such as amending the joint venture agreements, trust deed, changing the business or equity structure, issuing securities, use of funds, borrowings and other credit activities and appointment of key personnel, may require a unanimous or majority shareholders' approval of the relevant property companies.

As Keppel REIT does not own the entire interests in these partnership/property holding companies/trust/jointly owned properties, there is no assurance that such unanimous or majority approval would be obtained from the shareholders of the property holding companies, the unitholders of the trust, the partners of the partnership/joint venture or the other joint owner(s) of the jointly owned properties (as the case may be) would be obtained. The other shareholders of these property holding companies, unitholders of the trust or the partners of the partnership/joint venture or other owner(s) of the jointly owned properties (as the case may be) may vote against such resolutions and hence prevent such resolutions from being passed. If such resolutions are not passed, certain matters relating to these properties, such as those relating to the operation of the properties and the level of dividends to be declared by the partnership/property holding companies/trust or rental proceeds to be distributed by the joint owners, may not be carried out and this may adversely affect Keppel REIT's financial condition and results of operations.

Keppel REIT's success depends on the ability of the Property Managers (as defined below)

Keppel REIT depends on the Keppel REIT Manager to manage its operations and its real estate assets. In turn, the Keppel REIT Manager depends on Keppel REIT Property Management Pte Ltd, Raffles Quay Asset Management Pte Ltd, Charter Hall Holdings Real Estate Pty Limited and CB Richard Ellis Pty Ltd (collectively, the "**Property Managers**") for, among other matters, the maintenance and management of the common areas, common facilities and public structures of the Keppel REIT Properties.

Failure of any of the Property Managers to manage the relevant Keppel REIT Property and Keppel REIT's other real estate assets will adversely affect the underlying value of the properties owned by Keppel REIT and also Keppel REIT's results of operations. In addition, any adverse changes in the Keppel REIT Manager's relationship with any of the Property Managers could hinder the ability of the Keppel REIT Manager to manage Keppel REIT's operations and its portfolio of real estate assets. Further, if the agreements with any of the Property Managers are terminated, Keppel REIT could face a substantial disruption to its operations and an increase in costs incurred for the management of the properties and for certain corporate and administrative services.

Keppel REIT's business is concentrated in Singapore, which may result in a higher level of risk compared to some other REITs that have properties spread over diverse locations

As at the Latest Practicable Date, properties held by Keppel REIT are principally located in Singapore. A high concentration in Singapore may entail a higher level of risk as compared to some other REITs which have properties spread over different countries or have a more diverse

range of investments. A substantial portion of Keppel REIT's earnings depends on the continued strength of Singapore's office property market, which is in turn affected by general economic and business conditions. This exposes Keppel REIT to the risk of a downturn in economic and real estate conditions in Singapore. The value of Keppel REIT's properties and the rental revenue collected may also be adversely affected by local real estate conditions.

Keppel REIT's performance may also be adversely affected by local real estate market conditions, such as the attractiveness of competing commercial properties and the demands and supply for commercial space.

Keppel REIT may suffer material losses in excess of insurance proceeds and may not be able to renew insurance coverage on commercially viable terms

Even though Keppel REIT maintains insurance policies in line with the general business practices in the real estate industry, the Keppel REIT Properties may suffer physical damage caused by fire or other causes resulting in losses (including loss of rent) which may not be fully compensated by insurance. In addition, certain types of risks (such as war risk and terrorist acts) may be uninsurable or the cost of insurance may be prohibitive when compared to the risk. Should an uninsured loss or a loss in excess of insured limits occur, Keppel REIT could lose capital invested in the affected property as well as anticipated future revenue from that property. Keppel REIT would also remain liable for any debt or other financial obligation related to that property. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future.

In addition, Keppel REIT will have to renew its insurance policies every year and negotiate acceptable terms for coverage, exposing it to the volatility of the insurance markets, including the possibility of an increase in the rate of premium. Though the Keppel REIT Manager will regularly monitor the state of the insurance market, there can be no assurance that the insurance coverage on the Keppel REIT Properties will be available on commercially reasonable terms in future policy years. Any material increase in insurance rates or decrease in available coverage could materially and adversely affect Keppel REIT's business, financial condition and results of operation.

Keppel REIT is exposed to risks associated with investing outside Singapore

As part of the Keppel REIT Manager's acquisition growth strategy, Keppel REIT has invested in properties located in Australia, and may invest in properties in other countries in Asia which would expose it to the risk of political, economic, regulatory and social uncertainties specific to those countries. The value of these properties and the rental income from these properties may also be adversely affected by a number of local real estate market conditions in these countries, such as oversupply, the performance of other competing properties or reduced demand for these properties. Any changes in the political environment and the policies by the governments of these countries, which include, *inter alia*, restrictions on foreign currency conversion or remittance of earnings, the requirement for approval by government authorities, changes in law, regulations and interpretation thereof and changes in taxation could adversely affect Keppel REIT's future results of operations and growth. Furthermore, income arising from such overseas investments which is not in Singapore dollars will be exposed to currency fluctuations when it is converted to Singapore dollars. As such, unfavourable events in such foreign countries will have an adverse impact on Keppel REIT's distributable income and asset value.

Keppel REIT depends on certain key personnel, and loss of any key personnel may adversely affect its business and results of operation

Keppel REIT's success depends upon the continued service and performance of the senior management team and certain key senior personnel of the Keppel REIT Manager. These key personnel may leave the Keppel REIT Manager, as the case may be, in the future or compete with the Keppel REIT Manager and Keppel REIT. The loss of any of these key personnel could have a material adverse effect on Keppel REIT's operational results and financial condition.

Certain financial institutions and banks that lend to Keppel REIT have the benefit of certain restrictive covenants and rights

Certain properties may be mortgaged to secure payment of bank borrowings and if Keppel REIT defaults on interest or principal payments in respect of such bank borrowings, such properties could be foreclosed by the lender or the lender could require a force sale of such properties, resulting in a loss of revenue and asset value to Keppel REIT. If principal payments due at maturity cannot be refinanced or paid with the proceeds of other capital transactions such as new equity capital, Keppel REIT may not be able to repay all maturing debt. There is also no guarantee that Keppel REIT will be able to refinance its existing borrowings or that the terms of such refinancing will be as favourable as the terms of its existing borrowings. In addition, future borrowings may subject Keppel REIT to certain covenants that may limit or otherwise adversely affect its operations and the ability of Keppel REIT to make payments to Noteholders. Such covenants may restrict Keppel REIT's ability to invest in properties or undertake capital expenditure or may require it to set aside funds as security deposits. Furthermore, if prevailing interest rates or other factors at the time of refinancing (such as the possible reluctance of lenders to make commercial real estate loans) result in higher interest rates upon refinancing, the interest expense relating to such refinanced borrowings would increase, which would adversely affect Keppel REIT's cash flow and its ability to make payments to Noteholders. Keppel REIT may, from time to time, require additional debt financing to achieve the Keppel REIT Manager's investment strategies.

The amount Keppel REIT may borrow is limited, which may affect the operations of Keppel REIT, and the borrowing limit may be exceeded if there is a downward revaluation of assets

The Property Funds Appendix provides that the aggregate leverage of a REIT may reach a maximum of 60% of the value of its deposited property, provided that a credit rating from Fitch, Moody's or Standard & Poor's is obtained and disclosed to the public. In addition, such credit rating should be maintained and disclosed so long as the aggregate leverage of the REIT exceeds 35.0% of the value of its deposited property. Keppel REIT is currently rated and is therefore permitted to borrow up to a maximum of 60.0% of the value of its deposited property. However, a decline in the value of Keppel REIT's deposited property may affect Keppel REIT's ability to borrow further.

Adverse business consequences of this limitation on borrowings may include:

- (i) an inability to fund capital expenditure requirements in relation to Keppel REIT's existing portfolio or in relation to the acquisition by Keppel REIT of further properties to expand its portfolio; and
- (ii) cash flow shortages which may have an adverse impact on Keppel REIT's ability to satisfy its obligations in respect of the Notes.

A downward revaluation of any of the Keppel REIT Properties or other circumstances may result in a breach of the borrowing limit under the Property Funds Appendix. In the event of such a breach, Keppel REIT would not be able to incur further indebtedness. In such circumstances, while Keppel REIT may not be required to dispose of its assets to reduce its indebtedness, the inability to incur further indebtedness may constrain its operational flexibility.

In addition, a severe downward revaluation of any of the Keppel REIT Properties may result in a breach of certain financial covenants under the Notes or under any of other debt financing arrangements of Keppel REIT or the Group.

Keppel REIT's ability to refinance its indebtedness

As at 30 September 2012, Keppel REIT had approximately S\$2,427 million of total indebtedness, of which S\$598 million is due to be refinanced by 31 December 2012. The Keppel REIT Manager plans to refinance these borrowings for five years to 2017. There can however be no assurance

that Keppel REIT will be able to refinance its indebtedness as it becomes due on commercially reasonable terms or at all. Any increased costs or non-availability of re-financing will have a material adverse effect on Keppel REIT's operations, operating results and financial condition. Additionally, with Keppel REIT's level of indebtedness, a portion of its expected cash flow may be required to be dedicated to the payment of interest on its indebtedness thereby reducing the funds available to Keppel REIT for use in its general business operations.

Keppel REIT may experience limited availability of funds which may in turn curb its plans for expansion

Keppel REIT may require additional financing to fund working capital requirements, to support the future growth of its business and/or to refinance existing debt obligations. There can be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtained on terms favourable to Keppel REIT. Factors that could affect Keppel REIT's ability to procure financing include the cyclical nature of the property market and market disruption risks which could adversely affect the liquidity, interest rates and the availability of funding sources. Keppel REIT may experience increased difficulties in obtaining funding amidst uncertainties in the global economy, be it from financial institutions or the capital markets. In addition, further consolidation in the banking industry in Singapore and/or elsewhere in Asia may also reduce the availability of credit as the merged banks seek to reduce their combined exposure to one company or sector. Keppel REIT's plans for expansion will require significant additional investments and capital and if Keppel REIT is unable to procure sufficient funds, this could have a material adverse effect on its growth strategy.

Keppel REIT is subject to interest rate fluctuations

As at 30 September 2012, Keppel REIT had approximately S\$2,427 million of total indebtedness, of which S\$1,292 million (or 53.2%) is on a floating rate basis. As a result, its operations or financial conditions could be adversely affected by interest rate fluctuations.

As part of its active capital management strategies, Keppel REIT may enter into some hedging transactions to partially mitigate the risk of such interest rate fluctuations. However, Keppel REIT's hedging policy may not adequately cover its exposure to interest rate fluctuations. As a result, Keppel REIT's operations and/or financial condition may be adversely affected by interest rate fluctuations.

The Keppel REIT Manager may change Keppel REIT's investment strategy

Keppel REIT's policies with respect to certain activities, including investments and acquisitions, will be determined by the Keppel REIT Manager, subject to applicable laws and regulations. The Keppel REIT Manager has stated its intention to restrict investments to income-producing commercial real estate and real estate-related assets in Singapore and across Asia. The Keppel REIT Trust Deed grants the Keppel REIT Manager wide powers to invest in other types of assets, including any real estate, real estate-related assets as well as listed and unlisted securities in Singapore and other jurisdictions.

The Keppel REIT Manager may not be able to implement its investment strategy

The Keppel REIT Manager's investment strategy includes expanding Keppel REIT's portfolio of commercial properties and providing regular and stable distributions to Unitholders. There can be no assurance that the Keppel REIT Manager will be able to implement its investment strategy successfully or that it will be able to expand Keppel REIT's portfolio further, or at any specified rate or to any specified size. The Keppel REIT Manager may not be able to make investments or acquisitions on favourable terms or within a desired time frame.

Keppel REIT will be relying on external sources of funding to expand its portfolio, which may not be available on favourable terms or at all, particularly in light of current global market conditions. Even if Keppel REIT were able to successfully make additional property investments, there can be

no assurance that Keppel REIT will achieve its intended return on such investments. Since the amount of debt that Keppel REIT can incur to finance acquisitions is limited by the Property Funds Appendix, such acquisitions will largely be dependent on Keppel REIT's ability to raise equity capital. Potential vendors may view the prolonged time frame and lack of certainty generally associated with the raising of equity capital to fund any such purchase negatively and may prefer other potential purchasers.

Furthermore, there may be significant competition for attractive investment opportunities from other real estate investors, including commercial property development companies, private investment funds and other REITs whose investment policy is also to invest in commercial properties. There can be no assurance that Keppel REIT will be able to compete effectively against such entities.

The Keppel REIT Manager may not be able to implement its asset enhancement strategy

One of the Keppel REIT Manager's strategies for growth is to increase total returns through asset enhancement initiatives. Any plans for asset enhancement initiatives are subject to known and unknown risks, uncertainties and other factors which may lead to any of such asset enhancement initiatives and/or their outcomes being materially different from the original projections or plans. There can be no assurance that the Keppel REIT Manager will be able to implement any of its proposed asset enhancement initiatives successfully or that the carrying out of any asset enhancement initiative will enhance the value of the relevant property. The proposed asset enhancement initiatives are subject to Keppel REIT obtaining the approvals of the relevant authorities. Furthermore, the Keppel REIT Manager may not be able to carry out the proposed asset enhancement initiatives within a desired timeframe, and any benefit or return which may arise from such asset enhancement initiatives may be reduced or lost. Even if the asset enhancement initiatives are successfully carried out, there can be no assurance that Keppel REIT will achieve its intended return or benefit on such asset enhancement initiatives.

Keppel Land and Keppel Corporation are controlling Unitholders of Keppel REIT and will be able to exercise influence over certain activities of Keppel REIT

Keppel Land and its subsidiaries, related corporations and associates are engaged in the investment in, and the development and management of, among others, real estate in Singapore. As at the Latest Practicable Date, Keppel Land owns, through its wholly-owned subsidiaries, an indirect interest of approximately 46.3% of the total number of issued Units. Furthermore, Keppel Land's controlling shareholder, Keppel Corporation owns, through its wholly-owned subsidiary, an additional 29.2% of the total number of issued Units. Together, Keppel Land and Keppel Corporation have an interest in 75.5% of the total number of Units in issue and as Keppel Land and Keppel Corporation are entitled to act in their own interests, which may not be aligned to the interest of Noteholders.

Keppel REIT may be involved in legal and other proceedings from time to time

Keppel REIT may be involved from time to time in disputes with various parties such as tenants, contractors, sub-contractors, consultants, suppliers, construction companies, purchasers and other partners involved in the asset enhancement, operation and purchase of its properties. These disputes may lead to legal and other proceedings, and may cause Keppel REIT to suffer additional costs and delays that result in financial losses and delay the construction or completion of its projects. Additionally, Keppel REIT may have disputes with regulatory bodies in the course of its operations, which may subject it to administrative proceedings and unfavourable orders, directives or decrees. This will in turn result in financial losses and delays in the construction or completion of its projects.

Terrorist attacks, other acts of violence or war and adverse political developments may affect the business, financial condition and results of operations of Keppel REIT

Terrorist attacks, unrest in Middle Eastern countries and military activities of the U.S. and its allies in Afghanistan, have resulted in substantial and continuing economic volatility and social unrest. Any additional significant military or other response by the U.S. and/or its allies or any further terrorist activities could also materially and adversely affect international financial markets and the Singapore economy which may in turn adversely affect the operations, revenues and profitability of Keppel REIT.

Keppel REIT is exposed to general risks associated with relying on third-party contractors

Keppel REIT engages third-party contractors to provide various services in connection with its office space and asset enhancement initiatives, including construction, building and property fitting-out works, alterations and additions, interior decoration, installation and maintenance of air-conditioning units and lifts, and gardening/landscaping works. Some of the major third-party contractors engaged by Keppel REIT may experience financial or other difficulties which may in turn affect their ability to carry out construction works, thus delaying the completion of projects. There can also be no assurance that the services rendered by the third-party contractors will meet Keppel REIT's targeted quality levels. All of these factors could have an adverse effect on the business, financial condition and results of operations of Keppel REIT.

As a condition for tax transparency, Keppel REIT is required to distribute at least 90.0% of its taxable income (after deduction of applicable expenses) (failing which Keppel REIT would be liable to pay tax on its taxable income) and may face liquidity constraints

As a condition for tax transparency treatment, Keppel REIT is required to distribute at least 90.0% of its taxable income to Unitholders, failing which Keppel REIT would be liable to pay tax on its taxable income (after deduction of applicable expenses).

If Keppel REIT's taxable income (after deduction of applicable expenses) is greater than its cashflow from operations, it may have to borrow funds to meet ongoing cashflow requirements in order to distribute at least 90.0% of its taxable income to Unitholders (after deduction of applicable expenses) since it may not have any reserves to draw on. Keppel REIT's ability to borrow is, however, limited by the Property Funds Appendix.

Failure to make such distributions to Unitholders would put Keppel REIT in breach of the terms for tax transparency treatment and Keppel REIT would be liable to pay income tax. This may in turn have an adverse effect on the financial condition and results of operations of Keppel REIT.

The income tax exemption under Section 13(12) of the ITA may not be extended

The income tax exemption granted under Section 13(12) of the ITA to listed REITs or wholly-owned Singapore subsidiary companies of listed REITs will only apply to qualifying foreign-sourced income that is received in Singapore on or before 31 March 2015. Unless the tax exemption is subsequently extended, the foreign-sourced income received in Singapore by Keppel REIT after 31 March 2015 may be subject to Singapore income tax at the prevailing corporate rate of tax, currently 17.0%. Such taxation may have an adverse impact on Keppel REIT's financial condition and results of operations.

PURPOSE OF THE MTN PROGRAMME AND USE OF PROCEEDS

The Issuer will lend the net proceeds arising from the issue of Notes under the MTN Programme (after deducting issue expenses) to the Keppel REIT Trustee. The net proceeds will be used by the Keppel REIT Trustee towards (a) financing or refinancing acquisitions and/or investments of Keppel REIT and any asset enhancement works initiated by the Keppel REIT Trustee or any trust, fund or entity in which the Keppel REIT Trustee has an interest, (b) on-lending to any trust, fund or entity in which the Keppel REIT Trustee has an interest, (c) financing the general working capital purposes of the Group and (d) refinancing the borrowings of the Group.

CLEARING AND SETTLEMENT

Clearance and Settlement under the Depository System

In respect of Notes which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities (“**Depository System**”) maintained by CDP. Notes that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a global note for Depositors. Delivery and transfer of Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Notes through the Depository System may only be effected through certain corporate depositors (“**Depository Agents**”) approved by CDP under the Companies Act to maintain securities sub-accounts and to hold the Notes in such securities sub-accounts for themselves and their clients. Accordingly, Notes for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Notes in direct securities accounts with CDP, and who wish to trade Notes through the Depository System, must transfer the Notes to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Notes in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Guarantor, the Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

Clearance and Settlement under Euroclear and/or Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems which enables their respective participants to settle trades with one another. Euroclear and

Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to other financial institutions, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

A participant's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants. Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the relevant paying agent, to the cash accounts of the relevant Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

SINGAPORE TAXATION

The statements made herein regarding taxation are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines issued by the relevant authorities in force as at the date of this Information Memorandum and are subject to any changes in such laws or administrative guidelines, or the interpretation of these laws or guidelines, occurring after such date, which changes could be made on a retroactive basis. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive tax incentive(s)) may be subject to special rules or tax rates. They should not be regarded as advice on the tax position of any person and should be treated with appropriate caution. Holders and prospective holders of the Notes are advised to consult their own professional tax advisors as to their respective tax positions or any such tax implications of the purchase, ownership or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject to tax. It is emphasised that none of the Issuer, the Guarantor, the Keppel REIT Manager or any other persons involved in the MTN Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

1. Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0% final withholding tax described below) to non-resident persons other than non-resident individuals is the prevailing corporate tax rate, currently 17.0%. The applicable rate for non-resident individuals is 20.0%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0%. The rate of 15.0% may be reduced by applicable tax treaties.

Notwithstanding the above, with effect from 29 December 2009, the said deeming provisions of Section 12(6) of the ITA would not apply to payments for any arrangement, management, service or guarantee relating to any loan or indebtedness, where: (a) the arrangement, management or service is performed outside Singapore; or (b) the guarantee is provided, for or on behalf of a person resident in Singapore or a permanent establishment in Singapore by a non-resident person who:

- (i) is not an individual, is not incorporated, formed or registered in Singapore; and
- (ii) (A) does not by himself or in association with others, carry on a business in Singapore and does not have a permanent establishment in Singapore; or
(B) carries on a business in Singapore (by himself or in association with others) or has a permanent establishment in Singapore, but (1) the arrangement, management or service is not performed through; or (2) the giving of the guarantee is not effectively connected with, that business carried on in Singapore or that permanent establishment.

Certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (a) interest from debt securities derived on or after 1 January 2004;
- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and
- (c) prepayment fee, redemption premium or break cost (as such terms are defined in the ITA) from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

The terms “break cost”, “prepayment fee” and “redemption premium” are defined in the ITA as follows:

“**break cost**”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

“**prepayment fee**”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

“**redemption premium**”, in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to “break cost”, “prepayment fee” and “redemption premium” in this Singapore tax disclosure have the same meaning as defined in the ITA.

In addition, as the MTN Programme as a whole was arranged by the Arranger, a Financial Sector Incentive (Bond Market) Company (as defined in the ITA), any tranche of the Notes issued under the MTN Programme during the period from the date of this Information

Memorandum to 31 December 2013 (the “**Relevant Notes**”) would be “qualifying debt securities” for the purposes of the ITA. If the Relevant Notes are “qualifying debt securities”, the following treatments shall apply:

- (i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the Comptroller of Income Tax in Singapore (the “**Comptroller**”) may direct, of a return on debt securities for the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require to the Comptroller and the MAS and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by any person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities in this paragraph shall not apply if the non-resident person acquires the Relevant Notes using funds from his Singapore operations, interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium, and break cost (collectively, the “**Specified Income**”) from the Relevant Notes derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such operation, are exempt from Singapore income tax;
- (ii) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the Comptroller may direct, of a return on debt securities for the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require to the Comptroller and the MAS), Specified Income from the Relevant Notes derived by any company or body of persons (as defined in the ITA), other than any non-resident who qualifies for the tax exemption as described in paragraph (i) above, is subject to income tax at a concessionary rate of 10.0%; and
- (iii) subject to:
 - (aa) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Specified Income) derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and
 - (bb) the Issuer, or such other person as the Comptroller may direct, furnishing to the Comptroller and the MAS a return on debt securities for the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require,

Specified Income derived from the Relevant Notes is not subject to withholding of tax by the Issuer.

However, notwithstanding the foregoing:

- (A) if during the primary launch of any tranche of the Relevant Notes, such tranche of the Relevant Notes is issued to fewer than four persons and 50.0% or more of the issue of such tranche of the Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such tranche of the Relevant Notes would not qualify as “qualifying debt securities”; and

(B) even though a particular tranche of the Relevant Notes are “qualifying debt securities”, if, at any time during the tenure of such tranche of the Relevant Notes, 50.0% or more of the issue of such tranche of the Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, Specified Income derived from the Relevant Notes of such tranche held by:

(I) any related party of the Issuer; or

(II) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax of 10.0% described above.

The term “**related party**”, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

Notwithstanding that the Issuer is permitted to make payments of Specified Income in respect of the Relevant Notes without deduction or withholding for tax under Section 45 and Section 45A of the ITA, any person whose Specified Income (whether it is interest, discount income, prepayment fee, redemption premium or break cost) derived from the Relevant Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

Specified Income from the Relevant Notes derived by individuals (excluding income that is derived through a partnership in Singapore or is considered as gains or profits from any trade, business or profession) will be exempted from Singapore income tax.

The 10.0% concessionary tax rate for qualifying debt securities does not apply to persons who have been granted the financial sector incentive (standard-tier) status (within the meaning of Section 43N of the ITA).

The Qualifying Debt Securities Plus Scheme (“**QDS Plus Scheme**”) has been introduced as an enhancement of the Qualifying Debt Securities Scheme. Under the QDS Plus Scheme, subject to certain conditions having been fulfilled (including the furnishing by the Issuer or such other person as the Comptroller may direct, of a return on debt securities in respect of the qualifying debt securities within such period as the Comptroller may specify and such other particulars in connection with the qualifying debt securities as the Comptroller may require, to the Comptroller and the MAS), income tax exemption is granted on Specified Income derived by any investor from qualifying debt securities (excluding Singapore Government Securities) which:

- (a) are issued during the period from 16 February 2008 to 31 December 2013;
- (b) have an original maturity date of not less than 10 years;
- (c) cannot be redeemed, converted, called or exchanged within 10 years from the date of their issue; and
- (d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

In determining an investor’s income that is to be exempted from tax under the QDS Plus Scheme, prescribed conditions apply in relation to how the investor’s losses, expenses, capital allowances and donations which are attributable to exempt income are to be treated.

However, even though a particular tranche of the Relevant Notes are “qualifying debt securities” which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of Relevant Notes, 50.0% or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, Specified Income derived by:

- (i) any related party of the Issuer; or
- (ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained directly or indirectly from any related party of the Issuer,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

2. Capital Gains

Singapore does not impose tax on capital gains. However, there are no specific laws or regulations which deal with the characterisation of capital gains and hence, gains arising from the sale of Notes by any person may be construed to be of an income nature and subject to income tax, especially if they arise from activities which the Comptroller would regard as the carrying on of a trade, business, profession or vocation in Singapore.

Holders of the Notes who have adopted or are adopting Singapore Financial Reporting Standard 39 — Financial Instruments: Recognition and Measurement (“**FRS 39**”) may, for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with the FRS 39. Please see the section below on “*Adoption of FRS 39 treatment for Singapore income tax purposes*”.

3. Adoption of FRS 39 treatment for Singapore income tax purposes

The Inland Revenue Authority of Singapore has issued a circular entitled “Income Tax Implications arising from the adoption of FRS 39 — Financial instruments: Recognition & Measurement” (the “**FRS 39 Circular**”). Legislative amendments to give effect to the tax treatment set out in the FRS 39 Circular have been enacted in Section 34A of the ITA.

The FRS 39 Circular and Section 34A of the ITA generally apply, subject to certain “opt-out” provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Notes who may be subject to the tax treatment under the FRS 39 Circular and Section 34A of the ITA should consult their own accounting and tax advisors regarding the Singapore income tax consequences of their purchase, ownership or disposal of the Notes.

4. Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

The Programme Agreement provides for Notes to be offered from time to time through one or more Dealers. The price at which a Series or Tranche will be issued will be determined prior to its issue between the Issuer and the relevant Dealer(s). The obligations of the Dealers under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) will subscribe or procure subscribers for Notes from the Issuer pursuant to the Programme Agreement.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act (“**Regulation S**”).

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has agreed that, and each further Dealer appointed under the MTN Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Notes of any identifiable Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of such Tranche, as determined and certified to the Issuer by the Issuing and Paying Agent, by such Dealer (or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager), of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of any identifiable Tranche of Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the MTN Programme will be required to represent, warrant and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “**FSMA**”) by the Issuer;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to any thing done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

European Union

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the MTN Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Information Memorandum as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (d) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealer nominated by the Issuer for any such offer; or
- (e) at any time in any other circumstance falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (e) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “**Prospectus Directive**” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Hong Kong

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Singapore

Each Dealer has acknowledged that this Information Memorandum has not been and will not be registered as a prospectus with the MAS. Accordingly, each Dealer has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor under Section 274 of the SFA, (b) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

General

Each Dealer understands that no action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Information Memorandum or any other document or any Pricing Supplement, in any country or jurisdiction (other than Singapore) where action for that purpose is required.

Each Dealer has agreed that it will comply with all applicable securities laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Notes or any interest therein or rights in respect thereof or has in its possession or distributes, any other document or any Pricing Supplement. No Dealer will directly or indirectly offer, sell or deliver Notes or any interest therein or rights in respect thereof or distribute or publish any prospectus, circular, advertisement or other offering material (including, without limitation, this Information Memorandum) in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations, and all offers, sales and deliveries of Notes or any interest therein or rights in respect thereof by it will be made on the foregoing terms. In connection with the offer, sale or delivery by any Dealer of any Notes or any interest therein or rights in respect thereof, the Issuer shall not have responsibility for, and each Dealer will obtain, any consent, approval or permission required in and each Dealer will comply with the laws and regulations in force in, any jurisdiction to which it is subject or from which it may make any such offer or sale.

Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Notes or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional advisors and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.

GENERAL AND OTHER INFORMATION

INFORMATION ON DIRECTORS

1. The name and position of each of the Directors of the Issuer are set out below:

Name	Position
Ms Ng Hsueh Ling	Director
Mr Lionel Chua	Director

2. No Director of the Issuer is or was involved in any of the following events:
- (a) a petition under any bankruptcy laws filed in any jurisdiction against such person or any partnership in which he was a partner or any corporation of which he was a director or an executive officer;
 - (b) a conviction of any offence, other than a traffic offence, or judgment, including findings in relation to fraud, misrepresentation or dishonesty, given against him in any civil proceedings in Singapore or elsewhere, or being a named subject to any pending proceedings which may lead to such a conviction or judgment, or so far as such person is aware, any criminal investigation pending against him; or
 - (c) the subject of any order, judgment or ruling of any court of competent jurisdiction, tribunal or government body, permanently or temporarily enjoining him from acting as an investment advisor, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.
3. As at the date of this Information Memorandum, no option to subscribe for shares in, or debentures of, the Issuer has been granted to, or was exercised by, any Director of the Issuer.
4. No Director of the Issuer is interested, directly or indirectly, in the promotion of any assets acquired or disposed of by or leased to, the Issuer within the two years preceding the date of this Information Memorandum, or in any proposal for such acquisition, disposal or lease as aforesaid.

SHARE CAPITAL OF THE ISSUER

5. As at the date of this Information Memorandum, there is only one class of ordinary shares in the Issuer. The rights and privileges attached to the Shares are stated in the Articles of Association of the Issuer.
6. No shares in, or debentures of, the Issuer were issued or were proposed to be issued, as fully or partly paid up, for cash or for a consideration other than cash, during the two years preceding the date of this Information Memorandum.
7. The issued share capital of the Issuer as at the date of this Information Memorandum is as follows:

Share Designation	Issued Share(s)	Issued Share Capital (S\$)
Ordinary Shares	One (1)	1.00

8. As at the date of this Information Memorandum, the Issuer is a wholly-owned subsidiary of Keppel REIT.

ISSUED UNITS OF KEPPEL REIT

9. As at the date of this Information Memorandum, there is only one class of Units. The rights and privileges attached to the Units are stated in the Keppel REIT Trust Deed.
10. Save as disclosed below, no Units were issued or were proposed to be issued, as fully or partly paid up, for cash or for a consideration other than cash, during the two years preceding the date of this Information Memorandum.
- (a) Payment of management fees and acquisition and divestment fees to the Keppel REIT Manager in Units during the two years preceding the date of this Information Memorandum up to the Latest Practicable Date:

Issuance Date	Number of Units
29 October 2010	1,438,047
30 December 2010.....	12,114,120
28 January 2011.....	1,473,527
29 April 2011	2,084,872
29 July 2011.....	2,152,506
28 October 2011.....	2,731,828
30 December 2011.....	23,534,019
30 January 2012	4,721,998
30 April 2012	6,873,459
30 July 2012.....	6,245,890

- (b) In December 2011, Keppel REIT completed a renounceable rights issue, raising gross proceeds of approximately S\$985.7 million from the issue of 1,159,694,000 Units at an issue price of S\$0.85.
- (c) In June 2012, Keppel REIT completed a placement of 60,000,000 Units at an issue price of S\$1.17, raising gross proceeds of approximately S\$70.2 million.
11. As at the Latest Practicable Date, there were 2,625,416,316 Units issued.

BORROWINGS

12. The borrowings of Keppel REIT as at 30 September 2012 are as disclosed in Appendix IV to this Information Memorandum.

WORKING CAPITAL

13. After taking into account its internal resources and available loan facilities, the working capital available to Keppel REIT as at the date of this Information Memorandum is sufficient for its present requirements.

CHANGES IN ACCOUNTING POLICIES

14. Save as disclosed in the unaudited financial results announcement of Keppel REIT for 9M2012, there has been no significant change in the accounting policies of Keppel REIT since its audited financial accounts for the financial year ended 31 December 2011.

LITIGATION

15. There are no final and conclusive judgments against or affecting the Issuer, the Guarantor (in its capacity as trustee of Keppel REIT), Keppel REIT or any of the Subsidiaries the outcome which, in the opinion of the Directors, may have or have had during the 12 months prior to the date of this Information Memorandum a material adverse effect on the financial position of the Issuer, Keppel REIT or the Group taken as a whole.

REGULATION

16. Keppel REIT is principally regulated by the SFA and the CIS Code (including the Property Funds Appendix). The SFA can be currently viewed on the website of the Attorney-General's Chambers at <http://statutes.agc.gov.sg> and the CIS Code can be currently viewed on the website of the MAS at <http://www.mas.gov.sg>.

Keppel REIT is also subject to the Take-over Code as the Securities Industry Council has on 8 June 2007 decided to extend the ambit of the Take-over Code to real estate investment trusts. The Take-over Code can also be currently viewed on the website of the MAS at <http://www.mas.gov.sg>.

MATERIAL ADVERSE CHANGE

17. There has been no material adverse change in the financial condition, business, results of operations, assets or properties of the Issuer, Keppel REIT or the Group since 30 September 2012.

CONSENTS

18. The Auditors of Keppel REIT have given and have not withdrawn their written consent to the issue of this Information Memorandum with the references herein to their names and reports in the form and context in which they appear in this Information Memorandum.

DOCUMENTS AVAILABLE FOR INSPECTION

19. Copies of the following documents may be inspected by investors at the registered office of the Keppel REIT Manager at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 during normal business hours for a period of six months from the date of this Information Memorandum:
- (a) the Memorandum and Articles of Association of the Issuer;
 - (b) the Notes Trust Deed;
 - (c) the Keppel REIT Trust Deed;
 - (d) the letter of consent referred to in paragraph 18 above;
 - (e) the audited accounts of Keppel REIT for the financial year ended 31 December 2010;
 - (f) the audited accounts of Keppel REIT for the financial year ended 31 December 2011; and
 - (g) the unaudited financial results announcement of Keppel REIT for the third quarter and nine months ended 30 September 2012.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE NOTES TRUSTEE

20. The functions, rights and obligations of the Notes Trustee are set out in the Notes Trust Deed.

**AUDITED FINANCIAL STATEMENTS OF KEPPEL REIT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

The information in this Appendix II has been reproduced from the annual report of Keppel REIT for the financial year ended 31 December 2010 and has not been specifically prepared for inclusion in this Information Memorandum.

K-REITasia

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

FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

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K-REIT ASIA & ITS SUBSIDIARIES
REPORT OF THE TRUSTEE
For the financial year ended 31 December 2010

RBC Dexia Trust Services Singapore Limited (the "Trustee") is under a duty to take into custody and hold the assets of K-REIT Asia (the "Trust") and its subsidiaries ("the Group") in trust for the holders ("Unitholders") of units in K-REIT Asia. In accordance with, inter alia, the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes and the Listing Manual (collectively referred to as the "laws and regulations"), the Trustee shall monitor the activities of K-REIT Asia Management Limited (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 28 November 2005 (as amended) (the "Trust Deed") between the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report which shall contain the matters prescribed by the laws and regulations as well as the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of the Certified Public Accountants of Singapore and the provisions of the Trust Deed.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed K-REIT Asia and its subsidiaries (the "Group"), during the period covered by these consolidated financial statements, set out on pages 5 to 50 comprising the Balance Sheet, Statement of Total Return and Comprehensive Statement, Distribution Statement, Portfolio Statement, Statement of Movements in Unitholders' Funds, Statement of Cash Flows and Notes to the Financial Statements, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed, laws and regulations and otherwise in accordance with the provisions of the Trust Deed.

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



Diana Senanayake
Managing Director
Singapore, 18 February 2011

K-REIT ASIA & ITS SUBSIDIARIES
STATEMENT BY THE MANAGER
For the financial year ended 31 December 2010

In the opinion of the directors of K-REIT Asia Management Limited (the "Manager"), the accompanying consolidated financial statements set out on pages 5 to 50 comprising the Balance Sheet, Statement of Total Return and Comprehensive Statement, Distribution Statement, Portfolio Statement, Statement of Movements in Unitholders' Funds, Statement of Cash Flows and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position of K-REIT Asia as at 31 December 2010, the total return and comprehensive income, distributable income, movement in Unitholders' funds and cash flows for the year ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that K-REIT Asia will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager,
K-REIT Asia Management Limited



Ng Hsueh Ling
Chief Executive Officer and Executive Director

Singapore, 18 February 2011

K-REIT ASIA & ITS SUBSIDIARIES
INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF K-REIT ASIA
For the financial year ended 31 December 2010

To the members of K-REIT Asia

We have audited the accompanying consolidated financial statements of the Group set out on pages 5 to 50, which comprise the Balance Sheet and Portfolio Statement as at 31 December 2010, the Statement of Total Return and Comprehensive Income, Distribution Statement, Statement of Movements in Unitholders' Funds and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Responsibility of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore and the Singapore Financial Reporting Standards. This responsibility includes devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair statement of total return and comprehensive income and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the consolidated financial statements.

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

K-REIT ASIA & ITS SUBSIDIARIES
INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF K-REIT ASIA
For the financial year ended 31 December 2010

Opinion

In our opinion, the Group's consolidated financial statements, present fairly, in all material respects, the financial position of the Group as at 31 December 2010, the total return and comprehensive income, distributable income, movements in Unitholders' funds and cash flows for the year ended on that date in accordance with the provision of Singapore Financial Reporting Standards and the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore.



Ernst & Young LLP
Public Accountants and
Certified Public Accountants

Singapore, 18 February 2011

K-REIT ASIA & ITS SUBSIDIARIES
BALANCE SHEET
As at 31 December 2010

	Note	Group		Trust	
		2010 S\$'000	2009 S\$'000	2010 S\$'000	2009 S\$'000
Non-current assets					
Investment properties	3	1,025,634	1,162,800	862,700	1,162,800
Investment in subsidiary	4	-	-	3,862	-
Investment in associated companies	5	1,376,697	504,293	1,376,697	504,293
Amount owing by subsidiary	6	-	-	381,227	-
Advances to associated companies	7	604,348	344,946	604,348	344,946
Intangible asset	8	37,242	32,598	32,485	32,598
		<u>3,043,921</u>	<u>2,044,637</u>	<u>3,061,319</u>	<u>2,044,637</u>
Current assets					
Trade and other receivables	9	21,144	10,286	11,902	10,286
Prepaid expenses		998	1,167	805	1,167
Cash and cash equivalents	10	49,860	575,549	49,634	575,549
		<u>72,002</u>	<u>587,002</u>	<u>62,141</u>	<u>587,002</u>
Total assets		<u>3,115,923</u>	<u>2,631,639</u>	<u>3,123,460</u>	<u>2,631,639</u>
Current liabilities					
Trade and other payables	11	44,000	23,437	42,224	23,437
Income received in advance		5,225	324	74	324
Current portion of security deposits		2,400	4,603	2,400	4,603
Derivative financial instruments	12	452	-	452	-
Provision for taxation		3,261	4,849	3,261	4,849
		<u>55,338</u>	<u>33,213</u>	<u>48,411</u>	<u>33,213</u>
Non-current liabilities					
Trade and other payables	11	4,310	5,000	4,310	5,000
Long term borrowings	13	989,932	578,939	989,932	578,939
Derivative financial instruments	12	4,606	-	4,606	-
Non-current portion of security deposits		6,186	11,835	6,186	11,835
		<u>1,005,034</u>	<u>595,774</u>	<u>1,005,034</u>	<u>595,774</u>
Total liabilities		<u>1,060,372</u>	<u>628,987</u>	<u>1,053,445</u>	<u>628,987</u>
Net assets		<u>2,055,551</u>	<u>2,002,652</u>	<u>2,070,015</u>	<u>2,002,652</u>
Represented by:					
Unitholders' funds		<u>2,055,551</u>	<u>2,002,652</u>	<u>2,070,015</u>	<u>2,002,652</u>
Units in issue ('000)	14	1,355,904	1,336,023	1,355,904	1,336,023
Net asset value per unit (\$)		1.52	1.50	1.53	1.50

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

K-REIT ASIA & ITS SUBSIDIARIES
STATEMENT OF TOTAL RETURN AND COMPREHENSIVE INCOME
For the financial year ended 31 December 2010

		<u>Group</u>	
	Note	2010 \$'000	2009 \$'000
Property income	15	84,559	62,811
Property expenses	16	(17,254)	(13,931)
Net property income		67,305	48,880
Income support	17	26,366	23,011
Share of results of associated companies	5	9,695	8,208
Interest income		12,052	12,845
Amortisation expense	8	(22,502)	(26,634)
Trust expenses	18	(20,943)	(13,902)
Borrowing costs	19	(16,821)	(24,792)
Changes in fair value of derivatives		(452)	-
Net income before net change in fair value of investment properties and divestment gain		54,700	27,616
Net change in fair value of investment properties	20	31,591	(71,759)
Divestment gain on disposal of investment property		26,439	-
Total return before tax		112,730	(44,143)
Income tax expense	21	(3,494)	(1,776)
Total return after tax		109,236	(45,919)
Other comprehensive income:			
Net change in fair value of cash flow hedges		(4,606)	-
Foreign currency translation		(1,310)	-
Other comprehensive income, net of tax		(5,916)	-
Total comprehensive income		103,320	(45,919)
Basic and diluted earnings per unit (cents) based on total return after tax	22	8.14	(5.66)
Basic and diluted earnings per unit (cents) based on total return after tax and excluding net change in fair value of investment properties and divestment gain on disposal of investment property	22	3.82	3.19

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

K-REIT ASIA & ITS SUBSIDIARIES
DISTRIBUTION STATEMENT
For the financial year ended 31 December 2010

	2010	Group	2009
	\$'000		\$'000
Income available for distribution to Unitholders at beginning of the year	37,019		32,691
Net income before net change in fair value of investment properties and divestment gain on disposal of investment property	54,700		27,616
Net tax adjustments (Note A)	34,425		44,679
Income tax expense	(3,494)		(1,776)
	85,631		70,519
Income available for distribution to Unitholders	122,650		103,210
Distribution to Unitholders:			
Distribution of 2.77 cents (2009: 5.07 cents) per unit for the period from 1/7/2009 to 31/12/2009 (2009: 1/7/2008 to 31/12/2008)	(37,008)		(33,093)
Distribution of 2.97 cents (2009: 4.99 cents) per unit for the period from 1/1/2010 to 30/06/2010 (2009: 1/1/2009 to 30/06/2009)	(39,819)		(33,098)
	45,823		37,019
Income available for distribution to Unitholders at end of the year	45,823		37,019
Note A - Net tax adjustments comprise:			
Non-tax deductible/ (chargeable) items:			
- Manager's management fees payable in Units	7,537		13,082
- Trustee's fees	353		309
- Amortisation expense	24,683		28,438
- Other non-tax deductible expenses	4,413		(131)
- Share of results of associated companies	(9,695)		(8,208)
- Change in fair value of derivative financial instruments	452		-
- Effect of recognising accounting income on a straight line basis over the lease terms	(2,550)		-
	25,193		33,490
Dividend income from associated company	9,232		11,189
Net tax adjustments	34,425		44,679

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

K-REIT ASIA & ITS SUBSIDIARIES
PORTFOLIO STATEMENT
As at 31 December 2010

FY2010

The carrying amounts of the Group's Singapore based investment properties as at 31 December 2010 were based on independent valuations undertaken by Colliers International on 31 December 2010. The independent valuer has appropriate professional qualifications and experience in the location and category of the properties being valued. The valuations were determined based on investment method, discounted cash flow analysis and direct comparison method. The valuations adopted were \$342,600,000 and \$320,100,000 for Prudential Tower Property and Bugis Junction Towers respectively. The net gain in fair value of the investment properties has been taken to the Statement of Total Return and Comprehensive Income.

The carrying amounts of the Group's Australia based investment properties as at 31 December 2010 were based on independent valuations undertaken by Savills (Qld) Pty Limited and m3 Property Strategists for 275 George Street and 77 King Street office tower on 31 December 2010 respectively. The independent valuers have appropriate professional qualifications and experience in the location and category of the properties being valued. The valuations were determined based on investment method and discounted cash flow analysis. The valuations adopted were \$215,730,000 and \$147,204,000 for 275 George Street and 77 King Street office tower respectively. The net loss in fair value of the investment properties has been taken to the Statement of Total Return and Comprehensive Income.

The carrying amounts of the Group's one-third interest in One Raffles Quay and Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall as at 31 December 2010 were based on independent valuations undertaken by Colliers International and Knight Frank Pte Ltd on 31 December 2010 respectively. The independent valuers have appropriate professional qualifications and experience in the location and category of the properties being valued. The valuations (including income support top-up payments) were \$1,015,000,000 and \$1,447,000,000 for One Raffles Quay and Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall respectively. The net gain in fair value has been taken to the Statement of Total Return and Comprehensive Income.

FY2009

The carrying amounts of the investment properties and the Trust's one-third interest in One Raffles Quay as at 31 December 2009 were based on independent valuations undertaken by Colliers International on 31 December 2009. The valuations adopted were \$325,100,000, \$540,700,000 and \$297,000,000 for Prudential Tower Property, Keppel Towers and GE Tower, and Bugis Junction Towers, respectively. The net loss in fair value of investment properties has been taken to the Statement of Total Return and Comprehensive Income. The valuation of the Trust's one-third interest in One Raffles Quay (including income support top-up payments) was \$934,900,000.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

K-REIT ASIA & ITS SUBSIDIARIES
STATEMENT OF MOVEMENTS IN UNITHOLDERS' FUNDS
For the financial year ended 31 December 2010

	Note	Group				Total \$'000
		Issued equity \$'000	Foreign currency translation reserve \$'000	Hedging reserves \$'000	Accumulated profits \$'000	
At 1 January 2010		1,645,657	-	-	356,995	2,002,652
Operations						
Return for the year		-	-	-	109,236	109,236
Other comprehensive income:						
Net change in fair value of cash flow hedges	12	-	-	(4,606)	-	(4,606)
Foreign currency translation		-	(1,310)	-	-	(1,310)
Other comprehensive income, net of tax		-	(1,310)	(4,606)	-	(5,916)
Total comprehensive income for the year		-	(1,310)	(4,606)	109,236	103,320
Net increase in assets resulting from operations		-	(1,310)	(4,606)	109,236	103,320
Unitholders' transactions						
Creation of units						
- payment of management fees in units		8,803	-	-	-	8,803
- payment of acquisition and divestment fees in units		17,133	-	-	-	17,133
Issue expenses adjustment		470	-	-	-	470
Distribution to Unitholders		-	-	-	(76,827)	(76,827)
Net increase/(decrease) in net assets resulting from Unitholders' transactions		26,406	-	-	(76,827)	(50,421)
At 31 December 2010		1,672,063	(1,310)	(4,606)	389,404	2,055,551

K-REIT ASIA & ITS SUBSIDIARIES
STATEMENT OF MOVEMENTS IN UNITHOLDERS' FUNDS
For the financial year ended 31 December 2010

	Group				Total \$'000
	Issued equity \$'000	Foreign currency translation reserve \$'000	Hedging reserves \$'000	Accumulated profits \$'000	
At 1 January 2009	1,016,566	-	-	469,105	1,485,671
Operations					
Total comprehensive income (return for the year)	-	-	-	(45,919)	(45,919)
Net decrease in assets resulting from operations	-	-	-	(45,919)	(45,919)
Unitholders' transactions					
Creation of units					
- payment of management fees in units	13,056	-	-	-	13,056
- rights issue	620,035	-	-	-	620,035
Issue expenses ¹	(4,000)	-	-	-	(4,000)
Distribution to Unitholders	-	-	-	(66,191)	(66,191)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	629,091	-	-	(66,191)	562,900
At 31 December 2009	1,645,657	-	-	356,995	2,002,652

¹ Non-audit fees paid to auditors of the Trust capitalised in 2009 as issue expenses was \$21,400.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

K-REIT ASIA & ITS SUBSIDIARIES
STATEMENT OF MOVEMENTS IN UNITHOLDERS' FUNDS
For the financial year ended 31 December 2010

	Note	Trust			Total \$'000
		Issued equity \$'000	Hedging reserves \$'000	Accumulated profits \$'000	
At 1 January 2010		1,645,657	-	356,995	2,002,652
Operations					
Return for the year		-	-	122,390	122,390
Other comprehensive income:					
Net change in fair value of cash flow hedges	12	-	(4,606)	-	(4,606)
Other comprehensive income, net of tax		-	(4,606)	-	(4,606)
Total comprehensive income		-	(4,606)	122,390	117,784
Net decrease in assets resulting from operations		-	(4,606)	122,390	117,784
Unitholders' transactions					
Creation of units					
- payment of management fees in units		8,803	-	-	8,803
- payment of acquisition and divestment fees in units		17,133	-	-	17,133
Issue expenses adjustment		470	-	-	470
Distribution to Unitholders		-	-	(76,827)	(76,827)
Net increase/(decrease) in net assets resulting from Unitholders' transactions		26,406	-	(76,827)	(50,421)
At 31 December 2010		1,672,063	(4,606)	402,558	2,070,015
At 1 January 2009		1,016,566	-	469,105	1,485,671
Operations					
Total comprehensive income (return for the year)		-	-	(45,919)	(45,919)
Net decrease in assets resulting from operations		-	-	(45,919)	(45,919)
Unitholders' transactions					
Creation of units					
- payment of management fees in units		13,056	-	-	13,056
- rights issue		620,035	-	-	620,035
Issue expenses ¹		(4,000)	-	-	(4,000)
Distribution to Unitholders		-	-	(66,191)	(66,191)
Net increase/(decrease) in net assets resulting from Unitholders' transactions		629,091	-	(66,191)	562,900
At 31 December 2009		1,645,657	-	356,995	2,002,652

¹ Non audit fees paid to auditors of the Trust capitalised in 2009 as issue expenses was \$21,400.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

K-REIT ASIA & ITS SUBSIDIARIES
STATEMENT OF CASHFLOWS

For the financial year ended 31 December 2010

	<u>Group</u>	
	2010	2009
	\$'000	\$'000
Cash flows from operating activities		
Total return before tax	112,730	(44,143)
Adjustments for:		
Interest income	(12,052)	(12,845)
Amortisation expense	22,502	26,634
Share of results of associated companies	(9,695)	(8,208)
Borrowing costs	16,821	24,792
Management fees payable in Units	7,537	13,082
Net change in fair value of investment properties	(31,591)	71,759
Gain on divestment of investment property	(26,439)	-
Changes in fair value of unrealised derivative financial instruments	452	-
Translation of foreign subsidiaries	(3,321)	-
Operating cash flows before changes in working capital	<u>76,944</u>	<u>71,071</u>
Increase in receivables	(35,995)	(24,943)
Increase in payables	7,422	5,802
(Decrease) / Increase in security deposits	(7,852)	2,754
Income taxes paid	(5,087)	-
Net cash flows from operating activities	<u>35,432</u>	<u>54,684</u>
Investing activities		
Purchase of investment properties	(377,373)	(107,690)
Proceeds from sale of investment property	570,501	-
Improvements in investment properties	(546)	(2,246)
Interest received	12,266	12,665
Income support received	24,392	24,061
Dividend income received from associated company	9,911	10,450
Investment in associated company (Note A)	(1,380,152)	-
Increase in intangible asset	(27,151)	-
Repayment of loan from associated company	300,000	4,000
Net cash flows used in investing activities	<u>(868,152)</u>	<u>(58,760)</u>
Financing activities		
Proceeds from rights issue	-	620,035
Issue expenses	-	(2,982)
Loans drawdown	993,490	99,650
Repayment of loans	(581,085)	(99,650)
Upfront debt arrangement costs	(3,593)	-
Distribution to Unitholders	(76,827)	(66,191)
Interest paid	(24,954)	(15,205)
Net cash flows from financing activities	<u>307,031</u>	<u>535,657</u>
Net (decrease) / increase in cash and cash equivalents	<u>(525,689)</u>	<u>531,581</u>
Cash and cash equivalents at beginning of the year	575,549	43,968
Cash and cash equivalents at end of the year (Note 10)	<u>49,860</u>	<u>575,549</u>

K-REIT ASIA & ITS SUBSIDIARIES
STATEMENT OF CASHFLOWS
For the financial year ended 31 December 2010

Note A – Investment in associated company

Net cash outflow on investment in associated company is set out below:

	Group 2010 \$'000
Unquoted shares, at cost	865,143
Advances to associated company	<u>559,380</u>
	1,424,523
Less:	
Acquisition fee paid in units	(14,268)
Accrued purchase consideration	(27,676)
Accrued acquisition costs	<u>(2,427)</u>
Net cash outflow on investment in associated company	<u>1,380,152</u>

Note B - Significant non-cash transactions

The following were the significant non-cash transactions:

- (i) 7,766,746 (2009: 16,595,221) Units were issued as payment of management fees to the Manager, amounting to \$8,803,000 (2009: \$13,056,000); and
- (ii) 12,114,120 Units were issued during the year as payment of acquisition and divestment fee to the Manager, amounting to \$17,133,000 in relation to the acquisition of the one-third interest in BFC Development Pte. Ltd. and divestment of Keppel Towers and GE Tower.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

These notes form an integral part of the financial statements.

The financial statements of K-REIT Asia (the "Trust") and its subsidiaries ("the Group") for the financial year ended 31 December 2010 were authorised for issue by the Manager on 18 February 2011.

1. General

K-REIT Asia is a Singapore-domiciled real estate investment trust constituted by the Trust Deed dated 28 November 2005 (as amended) (the "Trust Deed") between K-REIT Asia Management Limited (the "Manager") and RBC Dexia Trust Services 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 in trust for the holders ("Unitholders") of units in the Trust (the "Units"). The address of the Trustee's registered office and principal place of business is 20 Cecil Street #28-01, Equity Plaza, Singapore 049705.

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

The immediate and ultimate holding company is Keppel Corporation Limited, incorporated in Singapore.

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 K-REIT Asia 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

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1. General (cont'd)

(b) Manager's management fees (cont'd)

- (ii) an annual performance fee of 3.0% per annum of the Net Property Income (as defined in the Trust Deed) of the Trust and any Special Purpose Vehicles (as defined in the Trust Deed) after deducting all applicable taxes payable.

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

The Manager's management fees are payable quarterly in arrears.

The Manager is also entitled to receive an acquisition fee at the rate of 1% of the acquisition price and a divestment fee of 0.5% of the sale price on all acquisition or disposal of properties.

(c) Trustee's fees

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

2. Summary of significant accounting policies

(a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Certified Public Accountants of Singapore, the applicable requirement of the Code on Collective Investment Schemes ("CIS Code") issued by the Monetary Authority of Singapore and the provisions of the Trust Deed. RAP 7 requires the accounting policies to generally comply with the principles relating to recognition and measurement of the Singapore Financial Reporting Standards ("FRS").

The financial statements, which are expressed in Singapore dollars and rounded to the nearest thousand, unless otherwise stated, are prepared on the historical cost basis, except for investment properties which are stated at fair value.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Trust and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Trust. Consistent accounting policies are applied to like transactions and events in similar circumstances.

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

The 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.

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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2010

2. Summary of significant accounting policies (cont'd)

(c) Adoption of new and revised standards

In the current period, the Group adopted the following new/revised FRSs that are effective for financial year beginning on or after 1 January 2010:

Reference	Description	Effective date (Annual periods beginning on or after)
FRS 27	Consolidated and Separate Financial Statements (Revised)	1 July 2009
FRS 103	Business Combinations (Revised)	1 July 2009
INT FRS 117	Distributions of Non-cash Assets to Owners	1 January 2010
Amendment to FRS 1	Presentation of Financial Statements	1 January 2010
Amendment to FRS 7	Statement of Cash Flows	1 January 2010
Amendment to FRS 17	Leases	1 January 2010
Amendment to FRS 36	Impairment of Assets	1 January 2010
Amendment to FRS 38	Intangible Assets	1 January 2010
Amendment to FRS 39	Financial Instruments : Recognition and Measurement	1 January 2010
Amendment to FRS 102	Share-based Payment	1 January 2010
Amendment to FRS 105	Non-current Assets Held for Sale and Discontinued Operations	1 January 2010
Amendment to FRS 108	Operating Segments	1 January 2010
Amendment to INT FRS 109	Reassessment of Embedded Derivatives	1 January 2010
Amendment to INT FRS 116	Hedges of Net Investment in a Foreign Operation	1 January 2010

Adoption of these standards and interpretations did not have any impact of the financial performance or position of the Group. They did, however, give rise to additional disclosures.

(d) Future changes in accounting policies

The Group has not adopted the following FRS and INT FRS that have been issued but not yet effective:

Reference	Description	Effective date (Annual periods beginning on or after)
Amendment to FRS 32	Derivatives Financial Instruments : Presentation – Classification of Rights Issues	1 February 2010
INT FRS 119	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
FRS 24 (Revised)	Related Party Disclosures	1 January 2011
Amendment to INT FRS 114	Prepayments of A Minimum Funding Requirement	1 January 2011
INT FRS 115	Agreements for the Construction of Real Estate	1 January 2011

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2. Summary of significant accounting policies (cont'd)

(d) Future changes in accounting policies (cont'd)

Reference	Description	Effective date (Annual periods beginning on or after)
FRS19	The Limit on a Defined Benefit asset, Minimum Funding Requirements and their Interaction – Amendments relating to Prepayment of a Minimum Funding Requirement	1 January 2011
FRS in 2010	Improvements to FRS issued in FY2010	1 January 2011

The directors expect that the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application.

(e) Significant accounting estimates and judgements

Assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, incomes and expenses and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Valuation of investment properties

Investment properties are stated at fair value based on valuations performed by independent professional valuers. In determining the fair value, the valuers have used valuation methods which involve certain estimates. In relying on the valuations reports, the Manager is satisfied that the valuation methods and estimates are reflective of the current market conditions. The determined fair value of the investment properties is most sensitive to the estimated yield as well as the long term vacancy rate.

Income taxes

The Group has not accounted for the deferred tax liability arising from the net gain in fair value of investment properties, as subject to meeting the terms and conditions of the Tax Ruling issued by the Inland Revenue Authority of Singapore ("IRAS"), the Group is not taxed on its distributable taxable income (refer to Note 2(u) Taxation). Where the terms or conditions are changed or have not been met, it will impact the deferred tax provision in those periods.

2. Summary of significant accounting policies (cont'd)

(f) Functional and foreign currency

(i) Functional currency

The Manager has determined the currency of the primary economic environment in which the Trust operates, i.e. functional currency, to be Singapore dollars.

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the functional currency of the Group and are recorded on initial recognition at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the balance sheet date. 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.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the statement of total return and comprehensive income.

(iii) Foreign subsidiaries

The assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the balance sheet date and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translations are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

(g) Investment properties

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

Investment properties are initially recorded at cost, including transactions 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 is met.

Subsequent to recognition, investment properties are measured at fair value which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair value of investment properties are included in the statement of total return and comprehensive income in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is 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 statement of total return and comprehensive income in the year of retirement or disposal.

2. Summary of significant accounting policies (cont'd)

(h) Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of the subsidiary are included in the consolidated financial statements of the Group from the date that control commences until the date that control ceases.

(i) Associated companies

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associated companies are accounted for using the equity method whereby the Group's share of profit or loss of the associated company is included in the statement of total return and comprehensive income and the Group's share of net assets of the associated company is included in the balance sheet. Goodwill relating to the associate is included in the carrying amount of the investment.

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

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each balance sheet whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the statement of total return and comprehensive income.

The financial statements of the associate are prepared as of the same reporting date as the Group. Where necessary, adjustments are made to bring the accounting policies into line with those of the Group.

(j) Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial recognition, intangible assets are measured at cost less any accumulated amortisation and impairment losses.

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

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

2. Summary of significant accounting policies (cont'd)

(j) Intangible assets (cont'd)

Income support top-up payments

Income support top-up payments represent unamortised aggregate amount receivable by the Group for its one-third interest in One Raffles Quay Pte Ltd and BFC Development Pte. Ltd., 50% interest in 275 George Street and 100% interest in 77 King Street office tower. Income support top-up payments have a finite useful life and are amortised over the income support periods of the respective investment properties.

(k) Impairment of non-financial assets

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication that the assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in the statement of total return and comprehensive income except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the statement of total return and comprehensive income unless the asset is measured at revalued amount, in which case the reversal is treated as revaluation increase.

(l) Financial assets

Financial assets include cash and cash equivalents, trade, intercompany and other receivables and advances to associated companies (non-trade). Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through the statement of total return and comprehensive income, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in the statement of total return and comprehensive income.

2. Summary of significant accounting policies (cont'd)

(l) Financial assets (cont'd)

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognised at fair value, plus directly attributable transaction costs and subsequently carried at amortised cost using the effective interest rate method. Gains and losses are recognised in statement of total return and comprehensive income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(i) Trade and other receivables

Trade and other receivables, including amounts due from related parties are classified and accounted for as loans and receivables under FRS 39. They are stated at their fair value and reduced by appropriate allowances for estimated irrecoverable amounts. An allowance is made for uncollectible amounts when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified.

(ii) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank balances and cash carried in the balance sheet are classified and accounted for as loans and receivables under FRS 39.

(m) Financial liabilities

Initial recognition and measurement

Financial liabilities include trade payables, which are normally settled on 30 - 90 day terms, other payables, payables to related parties and interest-bearing borrowings. Financial liabilities are recognised on the balance sheet 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.

Financial liabilities are initially recognised at fair value and in the case of other financial liabilities, plus directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value. Financial liabilities are classified as held trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gain or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

(m) Financial liabilities (cont'd)

(ii) Other financial liabilities

Subsequent to initial recognition, they are measured at amortised carrying cost using the effective interest rate method. Gains and losses are recognised in the statement of total return and comprehensive income when the liabilities are derecognised as well as through the amortisation process.

(n) Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on loans and receivables 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 (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss and any subsequent write back is recognised in the statement of total return and comprehensive income.

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. Any subsequent reversal of an impairment loss is recognised in the statement of total return and comprehensive income, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(o) Derecognition of financial assets and liabilities

(i) Financial assets

A financial asset is derecognised where the contractual rights to receive cash flows from the asset have expired which usually coincides with receipts of payments for the asset.

On derecognition, the difference between the carrying amount and the sum of the consideration received is recognised in the statement of total return and comprehensive income.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

(p) Units issued

Units issued by the Trust are recorded at the proceeds received, net of direct issue costs.

2. Summary of significant accounting policies (cont'd)

(q) 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 economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are revised at each balance sheet date 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 an interest expense.

(r) Leases – as lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set out in Note 2(s)(i).

(s) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Rental income

Rental income arising from investment properties is accounted for on a straight-line basis over the lease terms on ongoing leases. 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 on accrual basis using the effective interest rate method.

(iii) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(iv) Income support

Income support is recognised on accrual basis.

2. Summary of significant accounting policies (cont'd)

(f) Expenses

(i) Issue expenses

Issue expenses relate to expenses incurred in the issuance of Units in the Trust. The expenses are deductible directly against Unitholders' funds.

(ii) Trust expenses

Trust expenses are recognised on an accrual basis.

(iii) Property expenses

Property expenses are recognised on an accrual basis. Included in property expenses is property management fees which is based on the applicable formula stipulated in Note 1(a).

(iv) Manager's management fees

Manager's management fees are recognised on an accrual basis based on the applicable formula stipulated in Note 1(b).

(v) Borrowing costs

Interest expense and similar charges are recognised in the period in which they are incurred.

(u) Taxation

Taxation on the profit for the year comprises current and deferred tax. Income tax is recognised in the statement of total return and comprehensive income except to the extent that it relates to items directly related to Unitholders' funds, in which case it is recognised in Unitholders' funds.

Current taxes are recognised in statement of total return and comprehensive income except to the extent that the tax relates to items recognised outside statement of total return and comprehensive income, either in other comprehensive income or directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

2. Summary of significant accounting policies (cont'd)

(u) Taxation (cont'd)

Deferred income tax relating to items recognised outside the statement of total return and comprehensive income is recognised outside statement of total return and comprehensive income. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Subject to meeting the terms and conditions of the Tax Ruling issued by the IRAS, which includes a distribution of at least 90.0% of the taxable income, the Group is not taxed on the portion of its taxable income that is distributed. Any portion of the taxable income that is not distributed to Unitholders will be taxed on the Group at the prevailing corporate tax rate.

In the event that there are subsequent adjustments to the taxable income when the actual taxable income of the Group is finally agreed with the IRAS, such adjustments are taken up as an adjustment to the amount distributed for the next distribution following the agreement with the IRAS.

Although the Group is not taxed on its taxable income distributed, the Trustee and the Manager are required to deduct income tax at the prevailing corporate tax rate from distributions of such taxable income of the Group (i.e. which has not been taxed in the hands of the Trustee) to certain Unitholders. The Trustee and the Manager will not deduct tax from distributions made out of the Group's taxable income to the extent that the beneficial Unitholder is:

- An individual (regardless of residence or nationality);
- A Singapore incorporated company that is a tax resident of Singapore;
- A body of persons, other than a company or partnership, registered or constituted in Singapore (for example, registered charities, town councils, statutory boards, registered co-operative societies and registered trade unions);
- A Singapore branch of a foreign company which has presented a letter of approval from the IRAS granting a specific waiver from tax deducted at source in respect of distributions from the Group; and
- An agent bank who acted as nominee for individuals who have purchased Units in the Trust under the CPF Investment Scheme or the Supplementary Retirement Scheme.

Subject to meeting certain conditions, where the beneficial owners are foreign non-individual investors or where the Units are held by nominees who can demonstrate that the Units are held for beneficial owners who are foreign non-individual investors, the Trustee and the Manager will deduct tax at the reduced rate of 10.0% from the distribution.

The above tax transparency ruling does not apply to gains from sale of real properties. Such gains, if they are considered as trading gains, are assessable to tax on the Group. Where the gains are capital gains, the Group 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 Group to the Unitholders out of tax-exempt income and taxed income would be exempt from Singapore income tax in the hands of all Unitholders, regardless of their corporate or residence status.

2. Summary of significant accounting policies (cont'd)

(v) Portfolio reporting

For the purpose of operating segments, the Group prepares financial information on a property by property basis. The properties are independently managed by the property managers who are responsible for the performance of the property under their charge. Discrete financial information is provided to the board on a property by property basis. The board regularly reviews this information in order to allocate resources to the property and to assess the property performance.

(w) Property held for sale

Property held for sale in an associate company is measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale. Initial direct cost incurred in negotiating an operating lease is included in the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income.

(x) Hedge accounting

The Group applies hedge accounting for certain hedging relationships 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 hedge item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly as other comprehensive income in cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss in other operating expenses.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedge transaction affects profit or loss, such as when the hedged financial expense is recognised.

The Group uses interest rate swaps as hedges of its exposure to interest rate risk for bank loans with floating interest rates. Details of interest rate swaps are disclosed in Note 12.

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3. Investment properties

	<u>Group</u>		<u>Trust</u>	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
At 1 January	1,162,800	1,117,000	1,162,800	1,117,000
Translation differences	2,021	-	-	-
Purchase of investment properties	377,373	107,690	-	107,690
Sale of investment properties	(541,197)	-	(541,197)	-
Capital expenditure capitalised	546	3,620	546	3,620
Capital expenditure written off	(79)	-	(79)	-
Net gain/(loss) in fair value recognised in statement of total return and comprehensive income	24,170	(65,510)	40,630	(65,510)
At 31 December	<u>1,025,634</u>	<u>1,162,800</u>	<u>662,700</u>	<u>1,162,800</u>

Investment properties are stated at fair value, which has been determined based on valuations as at 31 December 2010 performed by registered independent valuers having appropriate recognised professional qualifications and experience in the location and category of the properties being valued. In determining the fair value, the valuers have used a weightage of direct comparison method, investment method and discounted cash flows analysis that make reference to estimated market rental values and equivalent yields. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalization yields, terminal yields and discount rates.

Certain investment properties amounting to \$662,700,000 (2009: \$1,038,300,000) have been mortgaged as security for credit facilities granted to the Trust (Note 13).

4. Investment in subsidiaries

	<u>Trust</u>	
	2010 \$'000	2009 \$'000
Unquoted equity as cost	<u>3,862</u>	<u>-*</u>

* Being an amount which is less than \$1,000.

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4. Investment in subsidiaries (cont'd)

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Effective equity interest</u>	
			2010 %	2009 %
Held by the Trust				
K-REIT Asia MTN Pte. Ltd ⁽¹⁾	Singapore	Provision of treasury services	100.00	100.00
K-REIT Asia (Australia) Pte. Ltd. ⁽²⁾	Singapore	Investment holding	100.00	-
Held through K-REIT Asia (Australia) Pte. Ltd.				
K-REIT Asia (Bermuda) Limited ⁽³⁾	Bermuda	Investment holding	100.00	-
K-REIT Asia (Australia) Trust ⁽⁴⁾	Australia	Investment in real estate properties	100.00	-
K-REIT (Australia) Sub-Trust 1 ⁽⁴⁾	Australia	Investment in real estate properties	100.00	-

⁽¹⁾ K-REIT Asia MTN Pte Ltd ("KRMTN") was incorporated to provide treasury services which includes funding of the Trust using the proceeds from the issuance of notes under an unsecured multicurrency medium term programme. There was no draw down of the medium term notes facility held by the KRMTN during the financial year and the Company remains dormant. KRMTN is unaudited as there is no statutory requirement for a dormant company to be audited.

⁽²⁾ Audited by Ernst & Young LLP, Singapore.

⁽³⁾ There is no statutory requirement for K-REIT Asia (Bermuda) Limited to be audited.

⁽⁴⁾ Audited by Ernst & Young, Australia.

5. Investment in associated companies

	<u>Group</u>		<u>Trust</u>	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Shares, at cost	1,374,545	510,025	1,374,545	510,025
Share of post-acquisition reserves	2,152	(5,732)	2,152	(5,732)
	<u>1,376,697</u>	<u>504,293</u>	<u>1,376,697</u>	<u>504,293</u>

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5. Investment in associated companies (cont'd)

The movement in share of post-acquisition reserves is as follows:

	<u>Group</u>		<u>Trust</u>	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Balance as at 1 January				
Share of results of associated companies	(5,732)	3,498	(5,732)	3,498
- Profits excluding net change in fair value of investment properties	9,695	8,208	9,695	8,208
- Net change in fair value of investment properties held by associated companies (Note 20)	7,421	(6,249)	7,421	(6,249)
	17,116	1,959	17,116	1,959
Dividend income	(9,232)	(11,189)	(9,232)	(11,189)
	2,152	(5,732)	2,152	(5,732)

Details of the associated companies are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Effective equity interest</u>	
			2010 %	2009 %
One Raffles Quay Pte Ltd ⁽¹⁾	Singapore	Property development and investment	33.33	33.33
BFC Development Pte. Ltd. ⁽²⁾	Singapore	Property development and investment	33.33	-

⁽¹⁾ Audited by Ernst & Young LLP, Singapore.
One Raffles Quay Pte Ltd ("ORQPL") is the owner of One Raffles Quay.

⁽²⁾ Audited by Ernst & Young LLP, Singapore.
BFC Development Pte. Ltd. ("BFC DPL") is the owner of Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall.

The Group does not equity account for the results of Marina Bay Residences Pte. Ltd. ("MBRPL"), a wholly-owned subsidiary of BFC DPL as the acquisition of the one-third interest in BFC DPL was structured to effectively exclude any significant interest in MBRPL. A deed of undertaking has been signed between the vendor (Bayfront Development Pte. Ltd.) and K-REIT Asia, whereby K-REIT Asia agrees not to participate in the financial and operating policy decisions in MBRPL and that it would exercise all voting rights and other rights and powers that it directly or indirectly has or controls in BFC DPL and MBRPL in accordance with the written instructions of the vendor on all matters arising from, relating to, or otherwise connected with MBRPL and/or BFC DPL's ownership of MBRPL.

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5. Investment in associated companies (cont'd)

The summarised financial information of the associated companies, excluding BFDCL's interest in MBRPL, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	2010 \$'000	2009 \$'000
Total assets	7,064,062	2,725,058
Total liabilities	3,472,275	1,250,602
Revenue	98,712	90,752
Profit/(Loss)	51,349	(3,703)
Property held for sale (included in total assets)	591,884	593,268

The revenue and profit/(loss) comprise full year results for ORQPL and post-acquisition results for BFDCL.

6. Amount owing by subsidiary (non-trade)

Amount owing by subsidiary is unsecured, interest free and not expected to be repaid within the next 12 months.

7. Advances to associated companies (non-trade)

Advances to the associated companies are unsecured, not expected to be repaid within the next 12 months. The interest rate for the year ranged from 1.18% to 3.63% (2009: 2.22% to 4.47%) per annum and is repriced every quarter at a margin above the 3-month S\$ SWAP – offer rate.

8. Intangible asset

	<u>Group</u>		<u>Trust</u>	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
<i>Cost:</i>				
At 1 January	87,623	87,623	87,623	87,623
Addition	27,075	-	22,075	-
Translation differences	76	-	-	-
At 31 December	<u>114,774</u>	<u>87,623</u>	<u>109,698</u>	<u>87,623</u>
<i>Accumulated amortisation and impairment:</i>				
At 1 January	55,025	28,391	55,025	28,391
Amortisation expense charged to statement of total return and comprehensive income	22,502	26,634	22,188	26,634
Translation differences	5	-	-	-
At 31 December	<u>77,532</u>	<u>55,025</u>	<u>77,213</u>	<u>55,025</u>
<i>Net carrying amount:</i>				
At 31 December	<u>37,242</u>	<u>32,598</u>	<u>32,485</u>	<u>32,598</u>

Intangible asset represents the unamortised aggregate income support top-up payments receivable by the Group for its one-third interest in ORQPL and BFDCL and 100% interest in 77 King Street office tower. The remaining useful lives of the income support ranges from 1 to 6 years (2009: 2 years).

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9. Trade and other receivables

	<u>Group</u>		<u>Trust</u>	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Trade receivables	3,044	621	967	621
Amounts due from subsidiary (non-trade)	-	-	267	-
Amounts due from related companies (trade)	7,142	5,278	7,142	5,278
Amounts due from associated company (non-trade)	2,820	3,499	2,820	3,499
Deposits	191	191	191	191
Interest receivable	3	239	3	239
Unearned income	2,590	-	-	-
Other receivables	5,354	458	512	458
	<u>21,144</u>	<u>10,286</u>	<u>11,902</u>	<u>10,286</u>

Amounts due from related companies and associated company are unsecured, interest-free, repayable on demand and are to be settled in cash.

Included in other receivables is \$4,841,000 (2009: Nil) of rental and incentive support receivable from the vendor of 77 King Street office tower.

In 2009, the trade receivables are charged or assigned by way of security for credit facilities granted to the Trust (Note 13).

10. Cash and cash equivalents

	<u>Group</u>		<u>Trust</u>	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Cash at banks and in hand	45,534	3,975	45,308	3,975
Fixed deposits	4,326	-	4,326	-
Fixed deposits with a related company	-	571,574	-	571,574
	<u>49,860</u>	<u>575,549</u>	<u>49,634</u>	<u>575,549</u>

Cash at banks earn interest at floating rates based on daily bank deposit rates ranging from 0% to 4.47% (2009: 0% to 0.21%) per annum. Short-term deposits are made for varying periods of between 1 day and 92 days (2009: 1 day and 130 days) depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The interest rates of short-term deposits range from 0.05% to 4.35% (2009: 0.01% to 0.96%) per annum.

In 2009, cash and cash equivalents amounting to \$23,783,000 were charged or assigned by way of security for credit facilities granted to the Trust (Note 13).

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11. Trade and other payables – Current

	<u>Group</u>		<u>Trust</u>	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Trade payables	2,423	1,432	1,233	1,432
Accrued expenses	2,660	5,353	2,074	5,353
Accrued purchase consideration	30,104	708	30,104	708
Amounts due to related companies				
- trade	7,152	4,007	7,152	4,007
- non-trade	299	11,294	299	11,294
Other deposits	374	338	374	338
Interest payable	988	307	988	307
	<u>44,000</u>	<u>23,437</u>	<u>42,224</u>	<u>23,437</u>

Included in the amounts due to related companies is an amount due to the Property Manager of \$205,000 (2009: \$573,000) and an amount due to the Manager of \$6,947,000 (2009: \$3,416,000).

Amounts due to related companies are unsecured, interest-free, repayable on demand and are to be settled in cash or Units (Note 1 (a) & (b)).

Trade and other payables – Non-current

	<u>Group</u>		<u>Trust</u>	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Other deposit	4,310	5,000	4,310	5,000
	<u>4,310</u>	<u>5,000</u>	<u>4,310</u>	<u>5,000</u>

The other deposit included in the trade and other payable (non-current) is a rental income support received in advance from the vendor for acquisition of six strata floors of Prudential Tower.

12. Derivatives

	Maturity	<u>Group</u>			
		2010 \$'000	Liabilities	2009 \$'000	Liabilities
		Contract/ Nominal Amount		Contract/ Nominal Amount	
Forward currency contracts	2011	6,274	452	-	-
Interest rate swaps	2013 - 2015	635,000	4,606	-	-
		<u>641,274</u>	<u>5,058</u>	<u>-</u>	<u>-</u>

Percentage of derivatives to net asset value 0.25 -

Forward currency contracts are used to hedge foreign currency risk arising from the cash flow of its foreign investment properties in Australia.

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12. Derivatives (cont'd)

As at 31 December 2010, the Group designates interest rate swaps as cash flow hedges. The interest rate swaps are being used to hedge the interest rate risk of the floating interest rates underlying the respective bank loans. Under the interest rate swaps, the Group receives floating interest equal to S\$ Swap-offer rate ("SOR") at specific contracted intervals and pays fixed rates of interest ranging from 1.43% to 2.15% per annum (2009: Nil).

The cash flow hedges were assessed to be highly effective as at 31 December 2010 and an unrealised loss of \$4,606,000 was included in other comprehensive income in respect of these contracts.

13. Long-term borrowings

	Maturity	Group		Trust	
		2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Bank loans (secured)	2015	422,263	-	422,263	-
Bank loans (unsecured)	2013 – 2015	359,179	-	359,179	-
Term loans (secured)	-	-	189,764	-	189,764
Revolving loan facility (unsecured)	2012	208,490	389,175	208,490	389,175
		<u>989,932</u>	<u>578,939</u>	<u>989,932</u>	<u>578,939</u>

	2010	2009
Percentage of total borrowings to net asset value	48.2	28.9

Bank loans (secured)

These loans are secured by mortgage over certain investment properties (Note 3) of the Group. The interest rates range from 0.75% + SOR to 0.87% + SOR per annum. The loans are repayable upon maturity. The Trust has entered into interest rate swaps (Note 12) to hedge the floating interest rates.

Bank loans (unsecured)

Bank loans amounting to \$149,758,000 are on fixed rates ranging from 1.87% to 2.98% per annum and repayable upon maturity. The remaining \$209,421,000 bank loans are on floating interest rates ranging from 1.05% + SOR to 1.22% + SOR per annum, repayable upon maturity. The Trust has entered into interest rate swaps (Note 12) to hedge the floating interest rates.

Term loans (secured)

In 2009, the Trust had term loan facilities were granted by a special purpose company, Blossom Assets Limited ("Blossom Assots"). Under the facility agreement between Blossom Assets and the Trustee, Blossom Assets has granted the Trust a five-year fixed rate term loan facility totalling \$190,085,000, which is funded by the proceeds of commercial mortgage-backed securities notes.

The term loans had fixed interest rates of borrowings vary from 3.91% to 4.06% (2009: 3.91% to 4.06%) per annum.

As security for the facilities granted by Blossom Assets to the Trustee, the Trustee has granted in favour of Blossom Assets the following:

- i. a first legal mortgage over each of the Properties (Note 3);
- ii. an assignment and charge over the rights, title and interest of the Trustee in and to the rental collection account relating to the Properties (Note 10);
- iii. an assignment of the rights, title and interest of the Trustee in and to the insurance policies relating to the Properties;

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13. Long-term borrowings (cont'd)

- iv. an assignment of the rights, title and interest of the Trustee in and to the agreements relating to the management of the Properties; and
- v. a fixed and floating charge over certain assets of the Trust relating to the Properties (Note 9).

The term loans were fully repaid during the current financial year.

Revolving loan facility (unsecured)

In September 2010, K-REIT Asia has put in place a new revolving loan facility of \$350,000,000 from Kephinance for a period of 24 months. The amount drawdown as at 31 December 2010 was \$208,490,000. The floating interest rates of borrowing range from 1.83% to 1.85% (2009: Nil) and are repriced every rollover period.

In September 2008, K-REIT Asia put in place a revolving loan facility of \$391,000,000 from Kephinance for a period of thirty months commencing from 10 September 2008 and thereafter renewable on terms, including a new maturity date to be agreed between the parties. As at 31 December 2009, the amount outstanding was \$389,175,000. The floating interest rate of borrowing was 3.95% per annum and are repriced every roll-over period. The loan was fully repaid during the current financial year.

The weighted average all-in funding cost including margin charged on the loans and amortised upfront costs is 3.37% (2009: 4.23%) per annum.

14. Units in issue

	<u>Group and Trust</u>	
	2010	2009
	'000	'000
At 1 January	1,336,023	652,724
Issue of Units:		
- payment of management fees in Units	7,767	16,595
- payment of acquisition and divestment fees in Units	12,114	-
- rights issue	-	666,704
At 31 December	1,355,904	1,336,023

During the year, there were the following issues of Units:

- 7,766,746 (2009: 16,595,221) Units were issued at unit prices range between \$1.0796 - \$1.3046 (2009: \$0.5631 - \$1.2133) as payment of management fees;
- 12,114,120 Units were issued at unit price of \$1.4143 per unit as payment of acquisition and divestment fee pursuant to the acquisition of one-third interest in BFCDPL and divestment of Keppel Towers and GE Tower.

In 2009, 666,703,965 Units were issued at the issue price of \$0.93 per Unit pursuant to a rights issue.

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14. Units in issue (cont'd)

Each Unit in the Trust represents undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- receive income and other distributions attributable to the Units held;
- participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer to it of any assets (or part thereof) or of any estate or interest in any asset (or part thereof) of the Trust; and
- attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or Unitholders representing not less than 10% of the issued Units of the Scheme) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed.

The restrictions of a Unitholder include, *inter alia*, the following:

- a Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and
- a Unitholder has no right to request the Manager to repurchase or redeem his Units while Units are listed on SGX-ST.

The Trust Deed contains provisions designed to limit the liability of a Unitholder to the amount paid or payable for any Unit, and to ensure that no Unitholder, by reason alone of being a Unitholder, will be personally liable to indemnify the Trustee or any creditor of the Group in the event that the liabilities of the Group exceed its assets, if the issue price of the Units held by that Unitholder has been fully paid.

15. Property Income

	<u>Group</u>	
	2010	2009
	\$'000	\$'000
Gross rent	82,413	61,826
Car park income	1,713	882
Others	433	103
	<u>84,559</u>	<u>62,811</u>

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16. Property expenses

	<u>Group</u>	
	2010	2009
	\$'000	\$'000
Property tax	4,155	4,649
Property management fee	2,187	1,884
Property management salary reimbursements	1,076	983
Marketing expenses	1,564	807
Utilities	2,171	1,585
Maintenance	5,943	3,990
Other property expenses	158	33
	<u>17,254</u>	<u>13,931</u>

17. Income support

Income support relates to top-up payments receivable from vendors for the shortfall of guaranteed income amount from the Group's interest in ORQPL, BFCOPL, Prudential Tower Property, 275 George Street and 77 King Street office tower.

18. Trust expenses

	<u>Group</u>	
	2010	2009
	\$'000	\$'000
Manager's management fee	15,074	13,082
Trustee's fees	471	309
Auditors' remuneration	147	84
Professional fees	689	222
Acquisition fees written off	3,721	-
Fund raising expenses	413	126
Other trust expenses	428	79
	<u>20,943</u>	<u>13,902</u>

50% (2009: 100%) of the Manager's management fees are paid in Units during the financial year.

Non-audit fees paid to auditors of the Group amounted to \$195,000 (2009: \$21,000).

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19. Borrowing costs

	<u>Group</u>	
	2010	2009
	\$'000	\$'000
Interest expense		
- bank loans	1,016	-
- term loans	6,567	7,468
- revolving loan from a related company	7,057	15,520
Amortisation of transaction costs capitalised	2,181	1,804
	<u>16,821</u>	<u>24,792</u>

20. Net change in fair value of investment properties

	<u>Group</u>	
	2010	2009
	\$'000	\$'000
Investment properties held directly by the Group	24,170	(65,510)
Investment properties held by associated companies	7,421	(6,249)
	<u>31,591</u>	<u>(71,759)</u>

21. Income tax expense

	<u>Group</u>	
	2010	2009
	\$'000	\$'000
Current tax:		
- current year	3,184	2,146
- overprovision in respect of prior years	-	(370)
	<u>3,184</u>	<u>1,776</u>
Withholding tax:		
- current year	310	-
Total	<u>3,494</u>	<u>1,776</u>
Reconciliation of effective tax rate:		
Total return before tax	112,730	(44,143)
Income tax using Singapore tax rate of 17% (2009: 17%)	19,164	(7,504)
Non-tax deductible items	5,931	7,089
Net change in fair value of investment properties	(5,370)	12,199
Divestment gain from disposal of investment property	(4,495)	-
Share of results of associated companies	(1,648)	(1,396)
Overprovision in respect of previous year	-	(370)
Withholding tax	310	-
Tax transparency	(10,398)	(8,242)
Income tax expense recognised in statement of total return and comprehensive income	<u>3,494</u>	<u>1,776</u>

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21. Income tax expense (cont'd)

The corporate income tax rate applicable to Singapore companies of the Group was 17% (2009: 17%).

22. Earnings per unit

The basic earnings per unit is calculated by dividing the total return after tax and the weighted average number of units during the financial year.

	<u>Group</u>	
	2010	2009
	\$'000	\$'000
Total return after tax	109,236	(45,919)
Total return after tax and excluding net change in fair value of investment properties and divestment gain	51,206	25,840
	'000	'000
Weighted average number of units in issue during the financial year	1,341,402	811,217
Basic earnings per unit based on:		
Total return after tax	8.14 cents	(5.66 cents)
Total return after tax excluding net change in fair value of investment properties and divestment gain	3.82 cents	3.19 cents

Diluted earnings per unit is the same as the basic earnings per unit as there are no dilutive instruments in issue during the financial year.

23. Significant related party transactions

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party is subject to common significant influence. Related parties may be individuals or entities. The Manager (K-REIT Asia Management Limited) and Property Manager (K-REIT Asia Property Management Pte Ltd) are indirect wholly-owned subsidiaries of a substantial Unitholder of the Trust.

In the normal course of the operations of the Group, the Manager's management fees and the Trustee's (RBC Dexia Trust Services Singapore Limited as trustee of K-REIT Asia) fees have been paid to the Manager and Trustee respectively.

During the financial year, other than those disclosed elsewhere in the financial statements, there were the following significant related party transactions, which were carried out in the normal course of business on arm's length commercial terms:

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23. Significant related party transactions (cont'd)

	<u>Group</u>	
	2010 S'000	2009 S'000
Manager's management fees paid/ payable to the Manager	15,074	13,082
Acquisition fee paid to the Manager	17,935	1,063
Divestment fee paid to the Manager	2,865	-
Trustee's fees paid/ payable to the Trustee	353	309
Property management fees and reimbursable paid/ payable to a related company	3,054	2,830
Leasing commissions paid/ payable to a related company	1,134	671
Rental income and other related income from related companies	1,011	3,321
Interest on revolving loan paid to a related company	19,687	15,520
Interest income received/receivable from associated companies of the Trust	11,291	12,502
Interest income received/receivable from a related company	80	322
Income support received from related companies	24,688	23,011
Dividend income received / receivable from associated companies	9,232	11,189
Proceeds received from a related company on disposal of an investment property	563,202	-
Payments to a related company on acquisition of one-third interest in an associated company	1,399,221	-
Revolving loan from a related company	208,490	-
Repayment of revolving loan to a related company	581,085	-

24. 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 the Group's business. Assessment of financial risks is carried out regularly by the Manager.

The Manager believes that good risk management practices and strong internal controls are critical components to K-REIT Asia's business. As such, the Manager reviews K-REIT Asia's risks constantly and pro-actively carries out initiatives to mitigate them. Some of the key risks that the Manager has identified are as follows:

(a) Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Prior to signing any major lease agreements, credit assessments on the prospective tenants will be carried out. This is usually done by way of evaluating information from corporate searches. In addition, security deposits as a multiple of monthly rents are also collected from tenants. Furthermore, the property portfolio's tenant trade sector mix is also actively managed to avoid excessive exposure to any one potentially volatile trade sector.

The Manager has ensured appropriate terms and/or credit controls are stipulated in the agreements to ensure counterparty fulfil its obligations.

24. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Exposure to credit risk

At the balance sheet 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 sheet.

Credit risk concentration profile

At the balance sheet date, approximately 45.0% (2009: 76.6%) of the Group's trade and other receivables were due from related companies and associated company. Concentration of credit risk relating to trade receivables is limited due to the Group's many varied tenants. The tenants are engaged in diversified businesses and are of good quality and strong credit standing.

Financial assets that are neither past due nor impaired

Trade and other receivables and advances to associated companies (non-trade) that are neither past due nor impaired are creditworthy debtors with good payment record. Cash and cash equivalents are placed with financial institutions with good credit rating.

(b) Interest rate risk

The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities.

The Group constantly monitors its exposure to changes in interest rates for its interest-bearing financial liabilities. Interest rate risk is managed on an ongoing basis with the primary objective of limiting the extent to which net interest expense can be affected by adverse movements in interest rates through the use of interest rate swaps.

The Group manages interest costs using a mix of fixed and floating rate debts. The details of the interest rates relating to the interest-earning financial assets and interest-bearing financial liabilities are disclosed in Notes 6, 7, 10, and 13 respectively.

Sensitivity analysis

At the balance sheet date, if Singapore Dollar interest rates had been 75 (2009: 75) basis points lower/ higher with all other variables constant, the Group's total return before tax would have been \$1,190,000 (2009: \$2,881,000) higher/ lower, arising mainly as a result of lower/ higher interest expense on floating rate borrowings, higher/lower interest income from short-term deposits with a financial institution and floating rate advances to the associated company. The sensitivity analysis is unrepresentative of the interest rate risk as the balance of short-term deposits at year end does not reflect the exposure during the year.

(c) Liquidity risk

K-REIT Asia's cash flow position and working capital are monitored closely to ensure that there are adequate liquid reserves in terms of cash and credit facilities to meet short-term obligations. Steps have been taken to plan early for funding and expenses requirements so as to manage the cash position at any point in time.

K-REIT ASIA & ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2010

24. Financial risk management objectives and policies (cont'd)

(c) Liquidity risk (cont'd)

The table below summarises the maturity profile and financial liabilities of the Group and Trust at the balance sheet date.

<u>Group</u>	2010			2009		
	1 year or less	2 to 5 years	Total	1 year or less	2 to 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	44,000	4,310	48,310	23,437	5,000	28,437
Derivative financial instruments	452	4,606	5,058	-	-	-
Security deposits	2,400	6,186	8,586	4,603	11,835	16,438
Borrowings	-	989,932	989,932	-	578,939	578,939
	46,852	1,005,034	1,051,886	28,040	595,774	623,814

<u>Trust</u>	2010			2009		
	1 year or less	2 to 5 years	Total	1 year or less	2 to 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	42,224	4,310	46,534	23,437	5,000	28,437
Derivative financial instruments	452	4,606	5,058	-	-	-
Security deposits	2,400	6,186	8,586	4,603	11,835	16,438
Borrowings	-	989,932	989,932	-	578,939	578,939
	45,076	1,005,034	1,050,110	28,040	595,774	623,814

(d) Foreign currency risk

Foreign currency risk arises when transactions are denominated in currencies other than the respective financial currencies of the various entities in the Group, and such changes impact the Group's profit.

The Group's foreign currency risk relates mainly to its Australian Dollar denominated investment and distributable income from its foreign subsidiaries. The Group monitors its foreign currency exposure on an on-going basis and manage its exposure to adverse movements in foreign currency exchange rates through financial instruments or other suitable financial products.

The Group has outstanding forward foreign currency contracts with notional amounts totalling \$6,274,000 (2009: Nil). The net negative fair value of forward foreign exchange contracts is \$452,000 (2009: Nil) which is recognised as derivative financial instruments in creditors (Note 12).

24. Financial risk management objectives and policies (cont'd)

(d) Foreign currency risk (cont'd)

Sensitivity analysis

At the balance sheet date, if the Australian Dollar changes against Singapore Dollar by 5% (2009: Nil) with all other variables constant, the Group's total return before tax would have been \$37,000 (2009: Nil) higher/lower due to the exchange differences arising from appreciation/depreciation of Australian Dollar against Singapore Dollar.

25. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a healthy credit rating and aggregate leverage ratio.

Under the Property Funds Appendix of the CIS Code, the aggregate leverage should not exceed 35.0% of the Trust's deposited property. The aggregate leverage may exceed 35.0% of the Trust's deposited property (up to a maximum of 60.0%) only if a credit rating of the Trust from Fitch Inc., Moody's Investor Services or Standard and Poor's is obtained and disclosed to the public. The Group has been assigned a first-time corporate rating of "Baa3" on 10 December 2007 by Moody's Investor Services. The Group has complied with this requirement for the financial years ended 31 December 2010 and 2009.

The Group's capital is represented by its Unitholders' fund as disclosed in the balance sheet. The Group constantly monitors capital using aggregate leverage ratio, which is total gross borrowings divided by the value of its deposited properties. At the balance sheet date, the Group has gross borrowings totalling \$1,289,932,000 (2009: \$581,085,000) and an aggregate leverage of 37.0% (2009: 27.7%).

26. Financial instruments

(a) Fair values

The fair values 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 transactions other than in a forced or liquidation sale.

Financial instruments that are carried at fair value

Fair value hierarchy

The Group classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

- (i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- (ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and
- (iii) Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

K-REIT ASIA & ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2010

26. Financial instruments (cont'd)

(a) Fair values (cont'd)

The following table shows an analysis of the Group's financial instruments carried at fair value by Level 2 of fair value hierarchy.

	<u>Group</u>	
	2010	2009
	\$'000	\$'000
<u>Financial liabilities</u>		
Derivatives (Note 12)		
- Forward currency contracts	452	-
- Interest rate swaps	4,606	-
As at 31 December	<u>5,058</u>	<u>-</u>

There have been no transfers between the Levels during the financial years ended 2010 and 2009.

Financial instruments whose carrying amount approximates fair value

The Manager has determined that the carrying amounts of cash and short term deposits, trade and other receivables, trade and other payable and short-term borrowings reasonably approximate their fair values because these are mostly short-term in nature. The carrying amount of advances to associated company reasonably approximate their fair value because they are floating rate instruments that are repriced to market interest rates on or near the balance sheet date.

Financial instruments carried at other than fair value

Set out below is a comparison of carrying amounts and fair values of the Group's financial instrument that are carried in the financial statements at other than fair values as at 31 December 2010 and 31 December 2009:

	2010		2009	
	Carrying value	Fair value	Carrying value	Fair value
<u>Group</u>	\$'000	\$'000	\$'000	\$'000
<u>Financial liabilities</u>				
Long-term borrowings (secured)	422,263	451,857	189,764	191,337
Long-term borrowings (unsecured)	567,669	599,919	389,175	406,327
Security deposit (non-current)	6,186	5,257	11,835	9,436
Other deposit	4,310	3,316	5,000	3,847
	2010		2009	
	Carrying value	Fair value	Carrying value	Fair value
<u>Trust</u>	\$'000	\$'000	\$'000	\$'000
<u>Financial liabilities</u>				
Long-term borrowings (secured)	422,263	451,857	189,764	191,337
Long-term borrowings (unsecured)	567,669	599,919	389,175	406,327
Security deposit (non-current)	6,186	5,257	11,835	9,436
Other deposit	4,310	3,316	5,000	3,847

The fair values of the interest-bearing liabilities are determined using discounted cash flow analysis based on the current rates for similar types of borrowing arrangements, which ranges from 1.41% to 2.83% (2009: 1.56% to 1.88%).

K-REIT ASIA & ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2010

26. Financial Instruments (cont'd)

(b) Classification of financial instruments

<u>Group</u>	Fair value through profit or loss \$'000	Loans and receivables \$'000	Liabilities at amortised cost \$'000
2010			
Assets			
Advances to associated companies	-	604,348	-
Trade and other receivables	-	21,144	-
Cash and cash equivalents	-	49,860	-
Total	-	675,352	-
Liabilities			
Trade and other payables	-	-	48,310
Income received in advance	-	-	5,225
Security deposits	-	-	3,586
Derivatives	452	-	-
Total	452	-	62,121
2009			
Assets			
Advances to associated company	-	344,946	-
Trade and other receivables	-	10,286	-
Cash and cash equivalents	-	575,549	-
Total	-	930,781	-
Liabilities			
Trade and other payables	-	-	28,437
Income received in advance	-	-	324
Security deposits	-	-	16,438
Total	-	-	45,199

K-REIT ASIA & ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2010

26. Financial instruments (cont'd)

(b) Classification of financial instruments (cont'd)

<u>Trust</u>	Fair value through profit or loss \$'000	Loans and receivables \$'000	Liabilities at amortised cost \$'000
2010			
Assets			
Advances to associated companies	-	604,348	-
Trade and other receivables	-	11,902	-
Cash and cash equivalents	-	49,634	-
Total	-	665,884	-
Liabilities			
Trade and other payables	-	-	46,534
Income received in advance	-	-	74
Security deposits	-	-	8,586
Derivatives	452	-	-
Total	452	-	55,194
2009			
Assets			
Advances to associated company	-	344,946	-
Trade and other receivables	-	10,286	-
Cash and cash equivalents	-	575,549	-
Total	-	930,781	-
Liabilities			
Trade and other payables	-	-	28,437
Income received in advance	-	-	324
Security deposits	-	-	16,438
Total	-	-	45,199

27. Portfolio reporting

The Group's business is investing in real estate and real estate-related assets which are predominantly used for commercial purposes and all its existing properties are located in Singapore and Australia.

Discrete financial information is provided to the Board on a property by property basis. This information provided is net rental (including property income and property expenses) and the value of the deposited property. The Board is of the view that the portfolio reporting is appropriate as the Group's business is in prime commercial properties located in Australia and Singapore Central Business District area.

K-REIT ASIA & ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2010

27. Portfolio reporting (cont'd)

Investments in One Raffles Quay and Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall are held through a one third interest in ORQPL and BFC DPL and the information provided is those in relation to the properties.

By property

	<u>Group</u>	
	2010	2009
<u>Property income</u>	\$'000	\$'000
Prudential Tower Property ¹	19,097	13,429
Keppel Towers and GE Tower	27,560	29,506
Bugis Junction Towers	20,021	19,876
275 George Street ²	17,547	-
77 King Street office tower	334	-
Total property income	84,559	62,811
	2010	2009
<u>Income Contribution</u>	\$'000	\$'000
Prudential Tower Property ¹	15,650	11,013
Keppel Towers and GE Tower	19,941	22,077
Bugis Junction Towers	16,476	15,790
275 George Street ²	14,977	-
77 King Street office tower	261	-
Total net property income	67,305	48,880
One-third interest in ORQPL:		
- Income support	23,206	23,011
- Interest income	10,970	12,502
- Dividend income	9,232	11,189
Total income from one-third interest in ORQPL	43,408	46,702
One-third interest in BFC DPL:		
- Income support	1,482	-
- Interest income	300	-
Total income from one-third interest in BFC DPL	1,782	-
Total income contribution³	112,495	95,582

¹ Comprises approximately 73.4% (2009: 73.4%) of the strata area in Prudential Tower.

² Comprises 50.0% interest (2009: Nil) in 275 George Street.

³ Reconciliation to net income before net change in fair value of investment properties and divestment gain per Statement of Total Return and Comprehensive Income :-

Total income contribution	112,495	95,582
Less: Dividend Income	(9,232)	(11,189)
Add: Income Support for directly held investment properties	1,678	-
Add: Interest Income earned from deposits placed with financial institutions	782	343
Add: Share of results of associated companies	9,695	8,208
Less: Other unallocated expenses	(60,718)	(65,328)
Net income before net change in fair value of investment properties and divestment gain	54,700	27,616

K-REIT ASIA & ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2010

27. Portfolio reporting (cont'd)

	Group	
	2010	2009
	\$'000	\$'000
<u>Investment in properties, at valuation</u>		
Prudential Tower Property ¹	342,600	325,100
Keppel Towers and GE Tower	-	540,700
Bugis Junction Towers	320,100	297,000
275 George Street ²	215,730	-
77 King Street office tower	147,204	-
Total value of deposited properties	1,025,634	1,162,800

	Group	
	2010	2009
	\$'000	\$'000
<u>Interest in associated companies</u>		
<u>One third interest in ORQPL</u>		
Investment in associated company	510,759	504,293
Advances to associated company	44,946	344,946
Intangible asset	11,635	32,598
	567,340	881,837

<u>One third interest in BFCOPL</u>		
Investment in associated company	865,938	-
Advances to associated company	559,402	-
Intangible asset	20,850	-
	1,446,190	-

By geographical area

	Group	
	2010	2009
	\$'000	\$'000
<u>Property income</u>		
- Singapore	66,678	62,811
- Australia	17,881	-
Total property income	84,559	62,811

<u>Net property income</u>		
- Singapore	52,067	48,880
- Australia	15,238	-
Total net property income	67,305	48,880

<u>Income contribution</u>		
- Singapore	97,257	95,582
- Australia	15,238	-
Total income contribution	112,495	95,582

<u>Investment in properties, at valuation</u>		
- Singapore	662,700	1,162,800
- Australia	362,934	-
Total value of deposited properties	1,025,634	1,162,800

¹ Comprises approximately 73.4% (2009: 73.4%) of the strata area in Prudential Tower.

² Comprises 50.0% interest (2009: Nil) in 275 George Street.

K-REIT ASIA & ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2010

28. Commitments

(a) Operating lease commitments – as lessor

The Group leases out its investment properties. Lease arrangements for the Group's Australia based investment properties include rental escalation clauses. Future minimum rental receivable under non-cancellable operating leases is as follows:

	<u>Group</u>	
	2010	2009
	\$'000	\$'000
Within 1 year	60,410	61,423
Between 2 and 5 years	130,181	66,037
After 5 years	<u>88,239</u>	<u>316</u>
	<u>278,830</u>	<u>127,776</u>

(b) Capital commitments

Capital expenditure contracted for as at the balance sheet date but not recognised in the financial statements is as follows:

	<u>Group</u>		<u>Trust</u>	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Capital commitment in respect of investment properties	<u>297</u>	<u>2,654</u>	<u>297</u>	<u>2,654</u>

29. Financial ratios

	2010	2009
	%	%
Expenses to weighted average net assets ¹		
- including performance component of Manager's management fees	1.05	0.90
- excluding performance component of Manager's management fees	0.89	0.72
Portfolio turnover rate ²	18.98	-

¹ The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to the trust expenses, excluding property expenses, amortisation expense and borrowing costs.

² The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Trust expressed as a percentage of weighted average net asset value.

K-REIT ASIA & ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2010

30. Subsequent events

- (a) On 20 January 2011, the Manager declared a distribution of \$45,919,000 for period from 1 July 2010 to 31 December 2010.
- (b) On 28 January 2011, the Trust issued 1,473,527 new Units as payment of management fees for the period from 1 October 2010 to 31 December 2010. The issue price was based on the volume-weighted average traded price for all trades completed on the SGX-ST in the ordinary course of trading for 10 business days immediately preceding 31 December 2010.

**AUDITED FINANCIAL STATEMENTS OF KEPPEL REIT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

The information in this Appendix III has been reproduced from the annual report of Keppel REIT for the financial year ended 31 December 2011 and has not been specifically prepared for inclusion in this Information Memorandum.

K-REITASIA

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

FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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**K-REIT ASIA & ITS SUBSIDIARIES
REPORT OF THE TRUSTEE**

For the financial year ended 31 December 2011

RBC Dexia Trust Services Singapore Limited (the "Trustee") is under a duty to take into custody and hold the assets of K-REIT Asia (the "Trust") and its subsidiaries (the "Group") in trust for the holders ("Unitholders") of units in K-REIT Asia. In accordance with, inter alia, the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes and the Listing Manual (collectively referred to as the "laws and regulations"), the Trustee shall monitor the activities of K-REIT Asia Management Limited (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 28 November 2005 (as amended) (the "Trust Deed") between the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report which shall contain the matters prescribed by the laws and regulations as well as recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore and the provisions of the Trust Deed.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed K-REIT Asia and its subsidiaries, during the period covered by these financial statements, set out on pages 4 to 59 comprising the Balance Sheets, Statement of Total Return, Distribution Statement, Portfolio Statement, Statements of Movements in Unitholders' Funds, Statement of Cash Flows and Notes to the Financial Statements, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed, laws and regulations and otherwise in accordance with the provisions of the Trust Deed.

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

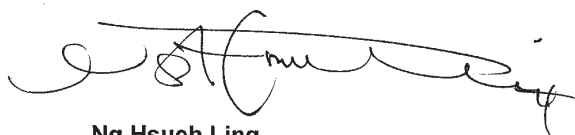


Diana Senanayake
Managing Director
Singapore, 17 February 2012

K-REIT ASIA & ITS SUBSIDIARIES
STATEMENT BY THE MANAGER
For the financial year ended 31 December 2011

In the opinion of the directors of K-REIT Asia Management Limited (the "Manager"), the accompanying financial statements set out on pages 4 to 59 comprising the Balance Sheets, Statement of Total Return, Distribution Statement, Portfolio Statement, Statements of Movements in Unitholders' Funds, Statement of Cash Flows and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial positions of the Group and the Trust as at 31 December 2011, the total return, distributable income, movements in Unitholders' funds and cash flows of the Group and the movements in Unitholders' funds of the Trust for the year ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager,
K-REIT Asia Management Limited



Ng Hsueh Ling
Chief Executive Officer and Executive Director

Singapore, 17 February 2012

K-REIT ASIA & ITS SUBSIDIARIES
INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF K-REIT ASIA
For the financial year ended 31 December 2011

To the Unitholders of K-REIT Asia

We have audited the accompanying financial statements of K-REIT Asia (the "Trust") and its subsidiaries (collectively, the "Group") set out on pages 4 to 59, which comprise the Balance Sheets of the Group and the Trust and Portfolio Statement of the Group as at 31 December 2011, the Statements of Movements in Unitholders' Funds of the Group and the Trust, the Statement of Total Return, Distribution Statement and Statement of Cash Flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Manager's Responsibility for the Financial Statements

The Manager of the Trust is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager of the Trust, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial positions of the Group and the Trust as at 31 December 2011, the total return, distributable income, movements in Unitholders' funds and cash flows of the Group and the movements in Unitholders' funds of the Trust for the year ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore.



ERNST & YOUNG LLP
Public Accountants and
Certified Public Accountants
Singapore

17 February 2012

K-REIT ASIA & ITS SUBSIDIARIES
BALANCE SHEETS
As at 31 December 2011

	Note	<u>Group</u>		<u>Trust</u>	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Non-current assets					
Investment properties	3	3,472,069	1,025,634	881,870	662,700
Investment in subsidiaries	4	-	-	1,611,166	3,862
Investment in associates	5	1,469,708	1,376,697	1,373,591	1,374,545
Investment in joint ventures	6	37,011	-	-	-
Amount owing by subsidiary	7	-	-	430,314	381,227
Advances to associates	8	606,222	604,348	606,222	604,348
Other non-current receivables		6,734	-	-	-
Fixed assets	9	53	-	-	-
Intangible asset	10	137,945	37,242	10,893	32,485
Derivative financial instruments	14	5,264	-	5,264	-
		<u>5,735,006</u>	<u>3,043,921</u>	<u>4,919,320</u>	<u>3,059,167</u>
Current assets					
Trade and other receivables	11	30,582	21,144	21,069	11,902
Prepaid expenses		723	998	544	605
Cash and cash equivalents	12	85,741	49,860	59,386	49,634
Derivative financial instruments	14	4,835	-	4,835	-
		<u>121,881</u>	<u>72,002</u>	<u>85,834</u>	<u>62,141</u>
Total assets		<u>5,856,887</u>	<u>3,115,923</u>	<u>5,005,154</u>	<u>3,121,308</u>
Current liabilities					
Trade and other payables	13	141,355	44,000	45,645	42,224
Income received in advance	15	2,352	5,225	105	74
Short term borrowings	16	510,127	-	-	-
Current portion of security deposits		1,213	2,400	1,213	2,400
Derivative financial instruments	14	267	452	267	452
Provision for taxation		5,402	3,261	5,056	3,261
		<u>660,716</u>	<u>55,338</u>	<u>52,286</u>	<u>48,411</u>
Non-current liabilities					
Income received in advance	15	15,179	4,310	9,102	4,310
Long term borrowings	16	1,655,833	989,932	1,755,715	989,932
Derivative financial instruments	14	22,974	4,606	22,974	4,606
Non-current portion of security deposits		26,720	6,186	8,118	6,186
		<u>1,720,706</u>	<u>1,005,034</u>	<u>1,795,909</u>	<u>1,005,034</u>
Total liabilities		<u>2,381,422</u>	<u>1,060,372</u>	<u>1,848,195</u>	<u>1,053,445</u>
Net assets		<u>3,475,465</u>	<u>2,055,551</u>	<u>3,156,959</u>	<u>2,067,863</u>
Represented by:					
Unitholders' funds		3,262,632	2,055,551	3,156,959	2,067,863
Non-controlling interest		212,833	-	-	-
		<u>3,475,465</u>	<u>2,055,551</u>	<u>3,156,959</u>	<u>2,067,863</u>
Units in issue ('000)	17	2,547,575	1,355,904	2,547,575	1,355,904
Net asset value per Unit (\$)		1.28	1.52	1.24	1.53

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

K-REIT ASIA & ITS SUBSIDIARIES
STATEMENT OF TOTAL RETURN
For the financial year ended 31 December 2011

		<u>Group</u>	
	Note	2011 \$'000	2010 \$'000
Property income	18	77,968	84,559
Property expenses	19	(16,314)	(17,254)
Net property income		61,654	67,305
Rental support	20	45,633	26,366
Share of results of associates	5	37,393	9,695
Share of results of joint ventures		(33)	-
Interest income		23,048	12,052
Amortisation expense	10	(36,035)	(22,502)
Trust expenses	21	(28,209)	(20,943)
Borrowing costs	22	(28,932)	(16,821)
Change in fair value of derivative financial instruments		(787)	(452)
Net income before net change in fair value of investment properties and divestment gain		73,732	54,700
Net change in fair value of investment properties	23	228,735	31,591
Divestment gain on disposal of investment property		-	26,439
Total return before tax		302,467	112,730
Income tax expense	24	(6,321)	(3,494)
Total return for the year		296,146	109,236
Attributable to:			
Unitholders		290,072	109,236
Non-controlling interest		6,074	-
		296,146	109,236
Basic and diluted earnings per Unit (cents) based on total return for the year	25	20.42	7.49
Basic and diluted earnings per Unit (cents) based on total return for the year and excluding net change in fair value of investment properties and divestment gain on disposal of investment property	25	4.73	3.51

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

K-REIT ASIA & ITS SUBSIDIARIES
DISTRIBUTION STATEMENT

For the financial year ended 31 December 2011

	Group	
	2011	2010
	\$'000	\$'000
Income available for distribution to Unitholders at beginning of the year	45,823	37,019
Net income before net change in fair value of investment properties and divestment gain on disposal of investment property	73,732	54,700
Net income attributable to non-controlling interest	(235)	-
Net tax adjustments (Note A)	45,789	34,425
Income tax expense	(6,321)	(3,494)
	<u>112,965</u>	<u>85,631</u>
Income available for distribution to Unitholders	158,788	122,650
Distributions to Unitholders:		
Distribution of 3.38 cents (2010: 2.77 cents) per Unit for the period from 1/7/2010 to 31/12/2010 (2009: 1/7/2009 to 31/12/2009)	(45,879)	(37,008)
Distribution of 3.72 cents (2010: 2.97 cents) per Unit for the period from 1/1/2011 to 30/06/2011 (2010: 1/1/2010 to 30/06/2010)	(50,572)	(39,819)
	<u>62,337</u>	<u>45,823</u>
Income available for distribution to Unitholders at end of the year		
 Note A - Net tax adjustments comprise:		
Non-tax deductible/(chargeable) items:		
- Manager's management fees paid and payable in Units	12,222	7,537
- Trustee's fees	564	353
- Amortisation of intangible asset and capitalised transaction costs	36,822	24,683
- Share of results of associates	(37,393)	(9,695)
- Share of results of joint ventures	33	-
- Change in fair value of derivative financial instruments	-	452
- Effect of recognising rental income on a straight-line basis over the lease terms	(3,133)	(2,550)
- Other non-tax (chargeable)/deductible items	(596)	4,413
	<u>8,519</u>	<u>25,193</u>
Dividend income from associates	37,270	9,232
Net tax adjustments	<u>45,789</u>	<u>34,425</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

K-REIT ASIA & ITS SUBSIDIARIES
PORTFOLIO STATEMENT
As at 31 December 2011

Group	Description of Property	Tenure of land	Term of lease	Remaining term of lease	Location	Existing use	Carrying value 2011 \$'000	Carrying value 2010 \$'000	Percentage of net assets 2011 %	Percentage of net assets 2010 %
Investment properties in Singapore										
	Prudential Tower ¹	Leasehold	99 years	83.0 years	30 Cecil Street	Commercial	471,370	342,600	13.6	16.7
	Bugis Junction Towers	Leasehold	99 years	77.7 years	230 Victoria Street	Commercial	410,500	320,100	11.8	15.6
	Ocean Financial Centre ²	Leasehold	99 years	98.9 years	10 Collyer Quay	Commercial	2,199,522	-	63.3	-
Investment properties in Australia										
	275 George Street ³	Estate in fee simple	NA	NA	Brisbane	Commercial	235,980	215,730	6.8	10.5
	77 King Street office tower	Estate in fee simple	NA	NA	Sydney	Commercial	154,697	147,204	4.5	7.1
Investment properties, at valuation (Note 3)							3,472,069	1,025,634	100.0	49.9
Investments in associates and joint ventures, advances to associates (Notes 5, 6 and 8) and intangible asset (Note 10)							2,250,886	2,018,287	64.7	98.2
Property held by a joint venture:										
	8 Chifley Square ⁴	Leasehold	99 years	93.3 years	Sydney	Under development				
Properties held by associates:										
	One Raffles Quay	Leasehold	99 years	88.4 years	1 Raffles Quay	Commercial				
	Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall	Leasehold	99 years	92.8 years	Nos. 8, 10 and 8A Marina Boulevard	Commercial				
Other assets and liabilities (net)							(2,247,490)	(988,370)	(64.7)	(48.1)
Net assets							3,475,465	2,055,551	100.0	100.0

- ¹ Comprises approximately 92.8% (2010: 73.4%) of the strata area in Prudential Tower.
² Carrying value is based on 100.0% of Ocean Financial Centre. K-REIT Asia owns approximately 87.51% (2010: Nil) interest in Ocean Financial Centre.
³ Comprises 50.0% (2010: 50.0%) interest in 275 George Street.
⁴ Comprises 50.0% (2010: Nil) interest in 8 Chifley Square.

K-REIT ASIA & ITS SUBSIDIARIES
PORTFOLIO STATEMENT
As at 31 December 2011

The carrying amounts of the Group's assets under management as at 31 December 2011 and 31 December 2010 were based on independent valuations undertaken by various independent valuers. The independent valuers have appropriate professional qualifications and experience in the location and category of the properties being valued. The valuations were determined based on investment method, discounted cash flow analysis and direct comparison method.

<u>FY2011</u> <u>Property</u>	<u>Independent valuer</u>	<u>Date of valuation</u>	<u>Valuation</u> \$'000
Prudential Tower	Savills Valuation and Professional Services	1 October 2011	477,400 ²
Bugis Junction Towers	Cushman & Wakefield	1 October 2011	410,500
Ocean Financial Centre	Savills Valuation and Professional Services	15 September 2011	2,054,000 ³
275 George Street	Knight Frank Valuations Queensland	1 October 2011	235,980
77 King Street office tower	m3 Property Strategists	1 October 2011	154,697
One Raffles Quay ¹	Knight Frank Pte Ltd	1 October 2011	1,099,000
Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall ¹	Knight Frank Pte Ltd	1 October 2011	1,513,000
8 Chifley Square	m3 Property Strategists	1 December 2011	59,848
			6,004,425

<u>FY2010</u> <u>Property</u>	<u>Independent valuer</u>	<u>Date of valuation</u>	<u>Valuation</u> \$'000
Prudential Tower	Colliers International	31 December 2010	342,600
Bugis Junction Towers	Colliers International	31 December 2010	320,100
275 George Street	Savills (Qld) Pty Limited	31 December 2010	215,730
77 King Street office tower	m3 Property Strategists	31 December 2010	147,204
One Raffles Quay ¹	Colliers International	31 December 2010	1,015,000
Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall ¹	Knight Frank Pte Ltd	31 December 2010	1,447,000
			3,487,634

¹ The valuations for One Raffles Quay and Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall are based on the Group's one-third interest in the properties and include the rental support top-up payments.

² The carrying value of Prudential Tower, excluding rental support top-up payment, is \$471,370,000.

³ The carrying value based on 100.0% interest in Ocean Financial Centre, excluding rental support top-up payment, is \$2,199,522,000.

K-REIT ASIA & ITS SUBSIDIARIES
PORTFOLIO STATEMENT
As at 31 December 2011

The net change in fair value of the investment properties has been taken to the Statement of Total Return.

The investment properties comprised commercial properties that are mainly leased to third party tenants. Generally, these leases contain an initial non-cancellable period of between 2 and 20 years. Subsequent renewals are negotiated with individual lessee.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

K-REIT ASIA & ITS SUBSIDIARIES
STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS
For the financial year ended 31 December 2011

Group	Attributable to Unitholders							Total \$'000
	Units in issue \$'000	Foreign currency translation reserve \$'000	Hedging reserve \$'000	Accumulated profits \$'000	Unitholders' funds \$'000	Non- controlling interest \$'000		
At 1 January 2011	1,672,063	(1,310)	(4,606)	389,404	2,055,551	-	2,055,551	
Operations								
Total return for the year	-	-	-	290,072	290,072	6,074	296,146	
Net increase in assets resulting from operations	-	-	-	290,072	290,072	6,074	296,146	
Unitholders' transactions								
Creation of Units	10,467	-	-	-	10,467	-	10,467	
- payment of management fees in Units	20,131	-	-	-	20,131	-	20,131	
- payment of acquisition fee in Units	985,740	-	-	-	985,740	-	985,740	
- rights issue	(5,405)	-	-	-	(5,405)	-	(5,405)	
Issue expenses	-	-	-	(96,451)	(96,451)	-	(96,451)	
Distributions to Unitholders	1,010,933	-	-	(96,451)	914,482	-	914,482	
Net increase/(decrease) in net assets resulting from Unitholders' transactions	-	-	-	-	-	-	-	
Acquisition of a subsidiary (Note 4)	-	-	-	-	-	206,759	206,759	
Net movement in foreign currency translation reserve	-	12,666	-	-	12,666	-	12,666	
Net change in fair value of cash flow hedges	-	-	(8,536)	-	(8,536)	-	(8,536)	
Share of net change in fair value of cash flow hedges of an associate	-	-	(1,603)	-	(1,603)	-	(1,603)	
At 31 December 2011	2,682,996	11,356	(14,745)	583,025	3,262,632	212,833	3,475,465	

K-REIT ASIA & ITS SUBSIDIARIES
STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS
For the financial year ended 31 December 2011

	Attributable to Unitholders						Total \$'000
	Units in issue \$'000	Foreign currency translation reserve \$'000	Hedging reserve \$'000	Accumulated profits \$'000	Unitholders' funds \$'000	Non- controlling interest \$'000	
Group							
At 1 January 2010	1,645,657	-	-	356,995	2,002,652	-	2,002,652
Operations							
Total return for the year	-	-	-	109,236	109,236	-	109,236
Net increase in assets resulting from operations	-	-	-	109,236	109,236	-	109,236
Unitholders' transactions							
Creation of Units	8,803	-	-	-	8,803	-	8,803
- payment of management fees in Units	17,133	-	-	-	17,133	-	17,133
- payment of acquisition and divestment fees in Units	470	-	-	-	470	-	470
Issue expense adjustment	-	-	-	(76,827)	(76,827)	-	(76,827)
Distributions to Unitholders	-	-	-	(76,827)	(50,421)	-	(50,421)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	26,406	-	-	(76,827)	(50,421)	-	(50,421)
Net movement in foreign currency translation reserve	-	(1,310)	-	-	(1,310)	-	(1,310)
Net change in fair value of cash flow hedges	-	-	(4,606)	-	(4,606)	-	(4,606)
At 31 December 2010	1,672,063	(1,310)	(4,606)	389,404	2,055,551	-	2,055,551

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

K-REIT ASIA & ITS SUBSIDIARIES
STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS
For the financial year ended 31 December 2011

	Trust			Total \$'000
	Units in issue \$'000	Hedging reserve \$'000	Accumulated profits \$'000	
At 1 January 2011	1,672,063	(4,606)	400,406	2,067,863
Operations				
Total return for the year	-	-	183,150	183,150
Net increase in assets resulting from operations	-	-	183,150	183,150
Unitholders' transactions				
Creation of Units				
- payment of management fees in Units	10,467	-	-	10,467
- rights issue	985,740	-	-	985,740
- payment of acquisition fee in Units	20,131	-	-	20,131
Issue expenses	(5,405)	-	-	(5,405)
Distributions to Unitholders	-	-	(96,451)	(96,451)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	1,010,933	-	(96,451)	914,482
Net change in fair value of cash flow hedges	-	(8,536)	-	(8,536)
At 31 December 2011	2,682,996	(13,142)	487,105	3,156,959
At 1 January 2010	1,645,657	-	356,995	2,002,652
Operations				
Total return for the year	-	-	120,238	120,238
Net increase in assets resulting from operations	-	-	120,238	120,238
Unitholders' transactions				
Creation of Units				
- payment of management fees in Units	8,803	-	-	8,803
- payment of acquisition and divestment fees in Units	17,133	-	-	17,133
Issue expense adjustment	470	-	-	470
Distributions to Unitholders	-	-	(76,827)	(76,827)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	26,406	-	(76,827)	(50,421)
Net change in fair value of cash flow hedges	-	(4,606)	-	(4,606)
At 31 December 2010	1,672,063	(4,606)	400,406	2,067,863

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

K-REIT ASIA & ITS SUBSIDIARIES
STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2011

	Group	
	2011	2010
	\$'000	\$'000
Operating activities		
Total return before tax	302,467	112,730
Adjustments for:		
Interest income	(23,048)	(12,052)
Amortisation expense	36,035	22,502
Share of results of associates	(37,393)	(9,695)
Share of results of joint ventures	33	-
Borrowing costs	28,932	16,821
Management fees paid and payable in Units	12,222	7,537
Net change in fair value of investment properties	(228,735)	(31,591)*
Gain on divestment of investment property	-	(26,439)
Change in fair value of unrealised derivative financial instruments	-	452
Translation differences	356	(3,321)
Operating cash flows before changes in working capital	90,869	76,944
Increase in receivables	(48,960)	(35,995)
(Decrease)/Increase in payables	(19,332)	7,422
Increase/(Decrease) in security deposits	19,347	(7,852)
Cash flows from operations	41,924	40,519
Income taxes paid	(4,184)	(5,087)
Net cash flows generated from operating activities	37,740	35,432
Investing activities		
Purchase of investment properties	(119,195)	(377,373)
Proceeds from sale of investment property	-	570,501
Improvements in investment properties	(1,267)	(546)
Interest received	22,102	12,266
Rental support received	44,592	24,392
Dividend income received from associates	40,090	9,911
Net cash outflow on acquisition of a subsidiary (Note A)	(1,563,684)	-
Net cash outflow on investment in an associate (Note B)	-	(1,380,152)
Investment in a joint venture	(37,092)	-
Increase in intangible asset	(7,351)	(27,151)
Net cash flows used in investing activities	(1,621,805)	(1,168,152)
Financing activities		
Proceeds from rights issue	985,740	-
Issue expenses	(5,405)	-
Loans drawdown	766,944	993,490
Repayment of loans	-	(581,085)
Loan to an associate	(1,874)	-
Repayment of loan from an associate	-	300,000
Payment of upfront debt arrangement costs	(1,925)	(3,593)
Distributions to Unitholders	(96,451)	(76,827)
Interest paid	(27,083)	(24,954)
Net cash flows generated from financing activities	1,619,946	607,031

K-REIT ASIA & ITS SUBSIDIARIES
STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2011

	<u>Group</u>	
	2011	2010
	\$'000	\$'000
Net increase/(decrease) in cash and cash equivalents	35,881	(525,689)
Cash and cash equivalents at beginning of the year	49,860	575,549
Cash and cash equivalents at end of the year (Note 12)	85,741	49,860

Note A – Net cash outflow on acquisition of a subsidiary

	2011 \$'000
Fair value of subsidiary's net assets acquired	1,579,265
Add:	
Acquisition costs	27,720
Total consideration	<u>1,606,985</u>
Less:	
Acquisition fee paid in Units	(20,131)
Accrued acquisition costs	(3,542)
	<u>(23,673)</u>
Consideration settled in cash	1,583,312
Less: Cash and cash equivalents of subsidiary acquired	(19,628)
Net cash outflow on acquisition of a subsidiary	<u><u>1,563,684</u></u>

Note B – Net cash outflow on investment in an associate

	2010 \$'000
Unquoted shares, at cost	865,143
Advances to associate	559,380
	<u>1,424,523</u>
Less:	
Acquisition fee paid in Units	(14,268)
Accrued purchase consideration	(27,676)
Accrued acquisition costs	(2,427)
Net cash outflow on investment in an associate	<u><u>1,380,152</u></u>

K-REIT ASIA & ITS SUBSIDIARIES
STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2011

Note C - Significant non-cash transactions

The following were the significant non-cash transactions:

- (i) 8,442,733 (2010: 7,766,746) Units were issued as payment of management fees to the Manager, amounting to \$10,467,000 (2010: \$8,803,000);
- (ii) 23,534,019 Units were issued during the financial year as payment of acquisition fee to the Manager, amounting to \$20,131,000, in relation to the acquisition of the approximate 87.51% interest in Ocean Properties Pte Limited (Note 4); and
- (iii) 12,114,120 Units were issued during financial year ended 31 December 2010 as payment of acquisition and divestment fees to the Manager, amounting to \$17,133,000, in relation to the acquisition of the one-third interest in BFC Development Pte. Ltd. and divestment of Keppel Towers and GE Tower.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

These notes form an integral part of the financial statements.

The financial statements of K-REIT Asia (the "Trust") and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2011 were authorised for issue by the Manager on 17 February 2012.

1. General

K-REIT Asia is a Singapore-domiciled real estate investment trust constituted by the Trust Deed dated 28 November 2005 (as amended) (the "Trust Deed") between K-REIT Asia Management Limited (the "Manager") and RBC Dexia Trust Services Singapore Limited (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust and its subsidiaries in trust for the holders ("Unitholders") of units in the Trust (the "Units"). The address of the Trustee's registered office and principal place of business is 20 Cecil Street #28-01, Equity Plaza, Singapore 049705.

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

The immediate and ultimate holding company is Keppel Corporation Limited, incorporated in Singapore.

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 K-REIT Asia 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

1. General (cont'd)

(b) Manager's management fees (cont'd)

- (ii) an annual performance fee of 3.0% per annum of the Net Property Income (as defined in the Trust Deed) of the Trust and any Special Purpose Vehicles (as defined in the Trust Deed) after deducting all applicable taxes payable.

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

The Manager's management fees are payable quarterly in arrears.

The Manager is also entitled to receive an acquisition fee at the rate of 1% of acquisition price and a divestment fee of 0.5% of sale price on all acquisitions or disposals of properties.

(c) Trustee's fees

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

2. Summary of significant accounting policies

(a) Basis of preparation

The financial statements of the Group have been prepared in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Certified Public Accountants of Singapore, the applicable requirements of the Code on Collective Investment Schemes ("CIS Code") issued by the Monetary Authority of Singapore and the provisions of the Trust Deed. RAP 7 requires the accounting policies to generally comply with the principles relating to recognition and measurement under the Singapore Financial Reporting Standards ("FRS").

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

(b) Basis of consolidation and business combinations

(i) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Trust and its subsidiaries as of the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date and using consistent accounting policies as the Trust.

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

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

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

2. Summary of significant accounting policies (cont'd)

(b) Basis of consolidation and business combinations(cont'd)

(ii) Business combinations

The Group determines whether a transaction or an event is a business combination, in which case the assets acquired and liabilities assumed are required to constitute a business. If the assets acquired are not a business, the Group accounts for the transaction or event as an asset acquisition. Such a transaction or event does not give rise to goodwill.

Business combinations from 1 January 2010

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in the Statement of Total Return or as a change to Unitholders' funds. If the contingent consideration is classified as equity, it will not be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in the Statement of Total Return.

The Group elects, for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in the Statement of Total Return on the acquisition date.

Business combinations prior to 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest did not affect previously recognised goodwill.

2. Summary of significant accounting policies (cont'd)

(b) *Basis of consolidation and business combinations (cont'd)*

(ii) Business combinations (cont'd)

Business combinations prior to 1 January 2010 (cont'd)

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

(c) *Transactions with non-controlling interest*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to Unitholders of the Trust, and are presented separately in the Statement of Total Return and within equity in the consolidated Balance Sheet, separately from equity attributable to the Unitholders of the Trust.

(d) *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on 1 January 2011. The adoption of these standards and interpretations did not have any effect on the financial performance or positions of the Group and the Trust.

(e) *Standards issued but not yet effective*

The Group has not adopted the following standards that have been issued but not yet effective:

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to FRS 107	Disclosures – Transfers of Financial Assets	1 July 2011
Amendments to FRS 12	Deferred Tax: Recovery of Underlying Assets	1 January 2012
Revised FRS 27	Separate Financial Statements	1 January 2013
Revised FRS 28	Investments in Associates and Joint Ventures	1 January 2013
FRS 110	Consolidated Financial Statements	1 January 2013
FRS 111	Joint Arrangements	1 January 2013
FRS 112	Disclosure of Interest in Other Entities	1 January 2013
FRS 113	Fair Value Measurements	1 January 2013

The Manager expects that the adoption of the above standards will have no material impact on the financial statements in the period of initial application.

2. Summary of significant accounting policies (cont'd)

(f) Significant accounting judgments and estimates

The preparation of the financial statements in conformity with RAP 7 requires the Manager to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income, expenses and disclosures made. The estimates and associated assumptions are based on historical experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates and underlying assumptions are reviewed on an ongoing basis. Financial impact arising from revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are as follow:

Valuation of investment properties

Investment properties are stated at fair value, with changes in fair values being recognised in the Statement of Total Return. The Group engaged independent professional valuers to determine fair value as at 31 December 2011.

The fair value of investment properties is determined by independent valuers using recognised valuation techniques. 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 long term vacancy rate.

Income taxes

The Group has not accounted for deferred taxation arising from the net change in fair value of investment properties. Based on the terms and conditions of the Tax Ruling issued by the Inland Revenue Authority of Singapore ("IRAS"), the Group is not taxed on its distributable taxable income (refer to Note 2(y) Taxation). Where the terms or conditions are changed or have not been met, it will impact deferred tax provision in those periods.

(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 dollars. The Group's financial statements are presented in Singapore dollars.

(ii) Foreign currency transactions

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

2. Summary of significant accounting policies (cont'd)

(g) *Functional and foreign currency (cont'd)*

(ii) Foreign currency transactions (cont'd)

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

(iii) Consolidated financial statements

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

(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.

Investment properties are initially recorded at cost, including transactions costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the end of the reporting period. Gains or losses arising from changes in the fair values of investment properties are included in the Statement of Total Return in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is 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 Statement of Total Return in the year of retirement or disposal.

2. Summary of significant accounting policies (cont'd)

(i) Fixed assets

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

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

Computer	3 years
Machinery and equipment	3 – 7 years

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

(j) Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

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

(k) Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment.

The profit or loss reflects the share of the results of operations of the associates. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in Unitholders' funds. Unrealised gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associates.

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

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

The financial statements of the associates are prepared as of the same reporting date as the Trust. Where necessary, adjustments are made to bring the accounting policies into line with those of the Group.

2. Summary of significant accounting policies (cont'd)

(l) Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group recognises its interest in joint ventures using the equity method from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint ventures.

Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of intragroup balances, income and expenses and unrealised gains and losses on such transactions between the Group and jointly controlled entities.

The financial statements of the joint ventures are prepared as of the same reporting date as the Trust. Where necessary, adjustments are made to bring the accounting policies into line with those of the Group.

(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 assets are measured at cost less any accumulated amortisation and any impairment losses.

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

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

(n) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such 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 to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Total Return.

2. Summary of significant accounting policies (cont'd)

(n) Impairment of non-financial assets (cont'd)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the Statement of Total Return.

(o) Financial assets

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

The subsequent measurement of financial assets depends on their classification as follows:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group.

The Group has not designated any financial assets upon initial recognition at fair value through profit or loss.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in the Statement of Total Return.

(ii) Loans and receivables

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

2. Summary of significant accounting policies (cont'd)

(o) *Financial assets (cont'd)*

(iii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the Statement of Total Return when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in Unitholders' funds is recognised in the Statement of Total Return.

All regular way purchases and sales of financial assets are recognised or 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.

(p) *Impairment of financial assets*

The Group assesses at each end of the 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 incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the Statement of Total Return.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are 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 incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the Statement of Total Return.

2. Summary of significant accounting policies (cont'd)

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, and demand deposits.

(r) Financial liabilities

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

The measurement of financial liabilities depends on their classification as follows:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gain or losses arising from changes in fair value of the financial liabilities are recognised in the Statement of Total Return.

(ii) Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the Statement of Total Return when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Total Return.

(s) Security deposits

Security deposits relate to rental deposits received from tenants at the Group's investment properties. The accounting policy for security deposits as a financial liability is set out in Note 2(r).

(t) Unit capital and issuance expenses

Proceeds from issuance of Units are recognised as units in issue in Unitholders' funds. Incremental costs directly attributable to the issuance of Units are deducted against Unitholders' funds.

2. Summary of significant accounting policies (cont'd)

(u) *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 economic 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 finance cost.

(v) *Leases – as lessor*

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set out in Note 2(w)(i).

(w) *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is acting as a principal in all its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(i) *Rental income*

Rental income arising from investment properties is accounted for on a straight-line basis over the lease terms on ongoing leases. 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.

2. Summary of significant accounting policies (cont'd)

(w) Revenue recognition (cont'd)

(ii) Interest income

Interest income is recognised using the effective interest method.

(iii) Rental support and dividend income

Rental support and dividend income are recognised when the Group's right to receive payment is established.

(x) Expenses

(i) Trust expenses

Trust expenses are recognised on accrual basis.

(ii) Property expenses

Property expenses are recognised on accrual basis. Included in property expenses is property management fees which is based on the applicable formula stipulated in Note 1(a).

(iii) Manager's management fees

Manager's management fees are recognised on an accrual basis based on the applicable formula stipulated in Note 1(b).

(iv) Borrowing costs

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds, and are recognised in the period they occur.

(y) Taxation

(i) Current income tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates and tax laws enacted or substantively enacted at the reporting date.

(ii) Deferred tax

Deferred income 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 liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability on a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. Summary of significant accounting policies (cont'd)

(y) *Taxation (cont'd)*

(ii) *Deferred tax (cont'd)*

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates 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.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

(iii) *Tax transparency*

The Inland Revenue Authority of Singapore ("IRAS") has issued a tax ruling on the income tax treatment of the Trust. Subject to meeting the terms and conditions of the tax ruling which includes a distribution of at least 90% of the taxable income of the Trust, the Group will not be assessed to tax on the portion of its taxable income that is distributed to Unitholders. Any portion of the taxable income that is not distributed to Unitholders will be taxed on the Group at the prevailing corporate tax rate.

In the event that there are subsequent adjustments to the taxable income when the actual taxable income of the Group is finally agreed with the IRAS, such adjustments are taken up as an adjustment to the amount distributed for the next distribution following the agreement with the IRAS.

The distributions made by the Trust out of its taxable income are subject to tax in the hands of Unitholders, unless they are exempt from tax on the Trust's distributions (the "tax transparency ruling"). The Trust is required to withhold tax at the prevailing corporate tax rate on the distributions made by the Trust except:

- a) where the beneficial owners are individuals or Qualifying Unitholders, the Trust will make the distributions to such Unitholders without withholding any income tax; and
- b) where the beneficial owners are foreign non-individual investors or where the Units are held by nominee Unitholders who can demonstrate that the Units are held for beneficial owners who are foreign non-individual investors, the Trust will withhold tax at a reduced rate of 10% from the distributions.

2. Summary of significant accounting policies (cont'd)

(y) *Taxation (cont'd)*

(iii) Tax transparency (cont'd)

A Qualifying Unitholder is a Unitholder who is:

- a. A tax resident Singapore-incorporated company;
- b. A non-corporate Singapore constituted or registered entity (e.g. registered charities, town councils, statutory boards, registered co-operative societies and registered trade unions);
- c. A Singapore branch of a foreign company which has presented a letter of approval from the IRAS granting a specific waiver from tax deducted at source in respect of distributions from the Trust;
- d. An agent bank or a Supplementary Retirement Scheme ("SRS") operator who act as nominee for individuals who have purchased Units in the Trust under the CPF Investment Scheme or the SRS respectively; or
- e. A nominee who can demonstrate that the Units are held for beneficial owners who are individuals and who fall within the classes of Unitholders listed in a. to c. above.

The above tax transparency ruling does not apply to gains from sale of real properties. Such gains, if they are considered as trading gains, are assessable to tax on the Trust. Where the gains are capital gains, the Trust will not be assessed to tax and may distribute the capital gains to Unitholders without having to deduct tax at source.

Any distributions made by the Trust to the Unitholders out of tax-exempt income and taxed income would be exempt from Singapore income tax in the hands of all Unitholders, regardless of their corporate or residence status.

(iv) Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables on the Balance Sheets.

(z) *Portfolio reporting*

For management purposes, the Group is organised into operating segments based on individual investment properties within the Group's portfolio, and prepares financial information on a property by property basis. The properties are independently managed by property managers who are responsible for the performance of the property under their charge. Discrete financial information is provided to the Board on a property by property basis. The Board regularly reviews this information in order to allocate resources to each property and to assess the property's performance.

2. Summary of significant accounting policies (cont'd)

(aa) Hedge accounting

The Group applies hedge accounting for certain hedging relationships which qualify for hedge accounting.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in hedging reserve in Unitholders' funds, while any ineffective portion is recognised immediately in the Statement of Total Return.

Amounts recognised in hedging reserve in Unitholders' funds are transferred to the Statement of Total Return when the hedge transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in hedging reserve in Unitholders' funds is transferred to the Statement of Total Return. If the hedging instrument expires 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 as hedges of its exposure to interest rate risk for bank loans with floating interest rates. Details of interest rate swaps are disclosed in Note 14.

The Group uses forward currency contracts to hedge foreign currency risk arising from the cash flows of its foreign investment properties in Australia and firm commitments in relation to the progressive payments for the subscription of units and convertible notes in a joint venture in Australia. Details of the forward currency contracts are disclosed in Note 14.

2. Summary of significant accounting policies (cont'd)

(ab) Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and the Trust if that person:
 - (i) Has control or joint control over the Trust;
 - (ii) Has significant influence over the Trust; or
 - (iii) Is a member of the key management personnel of the Trust's Manager or of a parent of the Trust.

- (b) An entity is related to the Group and the Trust if any of the following conditions applies:
 - (i) The entity and the Trust are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of an entity related to the Trust. If the Trust is itself such a plan, the sponsoring employers are also related to the Trust;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

K-REIT ASIA & ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2011

3. Investment properties

	<u>Group</u>		<u>Trust</u>	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
At 1 January	1,025,634	1,162,800	662,700	1,162,800
Translation differences	12,180	2,021	-	-
Purchase of investment properties	119,214	377,373	119,214	-
Acquisition of subsidiary (Note 4)	2,180,503	-	-	-
Sale of investment properties	-	(541,197)	-	(541,197)
Capital expenditure capitalised	1,248	546	23	546
Capital expenditure written off	-	(79)	-	(79)
Net gain in fair value recognised in Statement of Total Return	133,290	24,170	99,933	40,630
At 31 December	<u>3,472,069</u>	<u>1,025,634</u>	<u>881,870</u>	<u>662,700</u>

Investment properties are stated at fair value based on valuations performed by independent valuers. In determining the fair value, the valuers have used direct comparison method, investment method and discounted cash flows analysis which makes reference to estimated market rental values and equivalent yields. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalisation yields, terminal yields and discount rates.

Certain investment properties amounting to \$2,977,022,000 (2010: \$662,700,000) have been mortgaged as security for credit facilities granted to the Group (Note 16).

K-REIT ASIA & ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2011

4. Investment in subsidiaries

	<u>Trust</u>	
	2011 \$'000	2010 \$'000
Unquoted equity, at cost	<u>1,611,166</u>	<u>3,862</u>

<u>Name</u>	<u>Country of incorporation / constitution</u>	<u>Principal activities</u>	<u>Effective equity interest</u>	
			2011 %	2010 %
Held by the Trust				
K-REIT Asia MTN Pte. Ltd. ⁽¹⁾	Singapore	Provision of treasury services	100.00	100.00
K-REIT Asia (Australia) Pte. Ltd. ⁽²⁾	Singapore	Investment holding	100.00	100.00
K-REIT Fin. Company Pte. Ltd. ⁽²⁾	Singapore	Provision of treasury services	100.00	-
Ocean Properties LLP ⁽²⁾	Singapore	Property investment	~87.51	-
Held through K-REIT Asia (Australia) Pte. Ltd.				
K-REIT Asia (Bermuda) Limited ⁽³⁾	Bermuda	Investment holding	100.00	100.00
K-REIT Asia (Australia) Trust ⁽⁴⁾	Australia	Investment in real estate properties	100.00	100.00
K-REIT (Australia) Sub-Trust 1 ⁽⁴⁾	Australia	Investment in real estate properties	100.00	100.00
K-REIT (Australia) Sub-Trust 2 ⁽⁴⁾	Australia	Investment in real estate properties	100.00	-

(1) K-REIT Asia MTN Pte Ltd ("KRMTN") was incorporated to provide treasury services which include funding of the Trust using proceeds from the issuance of notes under an unsecured multicurrency medium term programme. There was no drawdown made on the medium term notes facility held by KRMTN during the financial year as the company remains dormant. KRMTN is unaudited as there is no statutory requirement for a dormant company to be audited.

(2) Audited by Ernst & Young LLP, Singapore.

(3) There is no statutory requirement for K-REIT Asia (Bermuda) Limited to be audited.

(4) Audited by Ernst & Young LLP, Australia.

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4. Investment in subsidiaries (cont'd)

Acquisition of subsidiary

On 14 December 2011, the Trust acquired an approximate 87.51% equity interest in Ocean Properties Pte. Limited ("OPPL"), which owns Ocean Financial Centre, for a period of 99 years from Straits Property Investments Pte Ltd ("SPIPL"). SPIPL is a wholly-owned subsidiary of Keppel Land Limited. The remaining approximate 12.49% equity interest in OPPL is held by a third party (the "non-controlling interest").

On the acquisition date, the Trust granted a call option under an option deed to SPIPL for the right to acquire the approximate 87.51% equity interest in OPPL for \$1 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 OPPL to any person unless SPIPL's right of first refusal has lapsed. In addition, if any of certain specified events occurs anytime during the 99 years after the acquisition date, SPIPL has the right to procure OPPL 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 15 December 2011, OPPL applied to the Accounting and Corporate Regulatory Authority of Singapore to convert itself to a limited liability partnership ("LLP") pursuant to the Limited Liability Partnership Act, Chapter 163A of Singapore, with the name Ocean Properties LLP ("OPLLP"). A limited liability partnership agreement was entered into between the Trust and the non-controlling interest to govern their relationship in the LLP.

5. Investment in associates

	<u>Group</u>		<u>Trust</u>	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Shares, at cost	1,373,591	1,374,545	1,373,591	1,374,545
Share of post-acquisition reserves	96,117	2,152	-	-
	<u>1,469,708</u>	<u>1,376,697</u>	<u>1,373,591</u>	<u>1,374,545</u>

The movement in share of post-acquisition reserves is as follows:

	<u>Group</u>		<u>Trust</u>	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January	2,152	(5,732)	-	-
Share of results of associates				
- Profit excluding net change in fair value of investment properties	37,393	9,695	-	-
- Net change in fair value of investment properties held by associates (Note 23)	95,445	7,421	-	-
	132,838	17,116	-	-
- Share of cash flow hedge reserve	(1,603)	-	-	-
Dividend paid	(37,270)	(9,232)	-	-
Balance as at 31 December	<u>96,117</u>	<u>2,152</u>	<u>-</u>	<u>-</u>

5. Investment in associates (cont'd)

Details of the associates are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Effective equity interest</u>	
			2011 %	2010 %
One Raffles Quay Pte Ltd ⁽¹⁾	Singapore	Property development and investment	33.33	33.33
BFC Development Pte. Ltd. ⁽²⁾	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 Pte. Ltd. ("BFC DPL") is the owner of Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall.

The Group does not equity account for the results of Marina Bay Residences Pte. Ltd. ("MBRPL"), a wholly-owned subsidiary of BFC DPL as the acquisition of the one-third interest in BFC DPL was structured to effectively exclude any significant interest in MBRPL. A deed of undertaking has been signed between the vendor (Bayfront Development Pte. Ltd.) and the Trust, whereby the Trust agrees not to participate in the financial and operating policy decisions in MBRPL and that it would "exercise all voting rights and other rights and powers that it directly or indirectly has or controls in BFC DPL and MBRPL in accordance with the written instructions of the vendor on all matters arising from, relating to, or otherwise connected with MBRPL and/or BFC DPL's ownership of MBRPL".

The summarised financial information of the associates, excluding BFC DPL's interest in MBRPL, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	2011 \$'000	2010 \$'000
Total assets	7,427,473	7,068,652
Total liabilities	3,135,530	3,044,872
Revenue	297,997	98,712
Profit	398,516	51,349
Property held for sale (included in total assets)	590,217	591,884

The revenue and profit comprise full year results for ORQPL and BFC DPL.

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6. Investment in joint ventures

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Effective equity interest</u>	
			2011 %	2010 %
Held through K-REIT Asia (Bermuda) Limited				
Mirvac 8 Chifley Pty Limited ⁽¹⁾	Australia	Fund administration	50.00	-
Held through K-REIT (Australia) Sub-Trust 2				
Mirvac 8 Chifley Trust ⁽²⁾	Australia	Investment in real estate properties	50.00	-

(1) This company is unaudited as there is no statutory requirement for a dormant company to be audited.

(2) Audited by PricewaterhouseCoopers LLP, Australia.

On 28 July 2011, the Group completed the acquisition of a 50% interest in Mirvac 8 Chifley Trust ("M8CT"), which owns a property under development situated at 8 Chifley Square in the central business district of Sydney, Australia.

Under the sale agreement, the Group acquired 50% of the following:

- (a) the existing 14.7 million units in M8CT;
- (b) the 34.3 million convertible notes issued by M8CT; and
- (c) the ordinary shares in the capital of Mirvac 8 Chifley Pty Limited, the trustee of M8CT.

The Group paid a consideration of AUD 24,500,857 for the existing units, convertible notes in M8CT and shares in Mirvac 8 Chifley Pty Limited. The convertible notes pay an interest of 9.5% per annum on a quarterly basis to noteholders.

The Group and the other unitholder, which holds the remaining 50.0% interest in M8CT, also entered into a subscription agreement with M8CT pursuant to which each of them will subscribe for further issuances of eight separate tranches of units and convertible notes by M8CT. The first seven subscriptions to be made by the Group will amount to AUD 16,347,166 per issuance, commencing on 1 January 2012. The subscriptions will continue on a quarterly basis until 1 July 2013. The final subscription will be made within one month to twelve months after the property has obtained its certificate of practical completion, at which point all the convertible notes issued by M8CT will be converted to units in M8CT. The aggregate consideration amount to be paid by the Group for its stake in M8CT is capped at AUD 169,804,575.

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6. Investment in joint ventures (cont'd)

The aggregate amounts of each of current assets, non-current assets, current liabilities, non-current liabilities, income and expenses related to the Group's interests in the joint ventures are as follows:

	<u>Group</u>	
	2011	2010
	\$'000	\$'000
Assets and liabilities		
Current assets	4,100	-
Non-current assets	107,109	-
Total assets	<u>111,209</u>	<u>-</u>
Current liabilities	47,033	-
Non-current liabilities	44,969	-
Total liabilities	<u>92,002</u>	<u>-</u>
Income and expenses		
Income	-	-
Expenses	66	-
	<u>66</u>	<u>-</u>

7. Amount owing by subsidiary (non-trade)

Amount owing by subsidiary is unsecured, interest-free, to be settled in cash and has no fixed repayment terms. The amount is not expected to be repaid within the next 12 months.

8. Advances to associates (non-trade)

Advances to associates are unsecured and not expected to be repaid within the next 12 months. They bear interest ranging from 3.16% to 3.58% (2010: 1.18% to 3.63%) per annum which is repriced every quarter at a margin above the 3-month S\$ SWAP – offer rate.

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9. Fixed assets

	Computers \$'000	Machinery & equipment \$'000	Total \$'000
<u>Group</u>			
<i>Cost:</i>			
At 1 January 2011	-	-	-
Acquisition of subsidiary (Note 4)	98	44	142
At 31 December 2011	<u>98</u>	<u>44</u>	<u>142</u>
<i>Accumulated depreciation:</i>			
At 1 January 2011	-	-	-
Acquisition of subsidiary (Note 4)	83	5	88
Depreciation	1	-	1
At 31 December 2011	<u>84</u>	<u>5</u>	<u>89</u>
<i>Net carrying amount:</i>			
At 31 December 2011	<u>14</u>	<u>39</u>	<u>53</u>

10. Intangible asset

	<u>Group</u>		<u>Trust</u>	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<i>Cost:</i>				
At 1 January	114,774	87,623	109,698	87,623
Addition	136,598	27,075	7,351	22,075
Translation differences	168	76	-	-
At 31 December	<u>251,540</u>	<u>114,774</u>	<u>117,049</u>	<u>109,698</u>
<i>Accumulated amortisation:</i>				
At 1 January	77,532	55,025	77,213	55,025
Amortisation expense	36,035	22,502	28,943	22,188
Translation differences	28	5	-	-
At 31 December	<u>113,595</u>	<u>77,532</u>	<u>106,156</u>	<u>77,213</u>
<i>Net carrying amount:</i>				
At 31 December	<u>137,945</u>	<u>37,242</u>	<u>10,893</u>	<u>32,485</u>

Intangible asset represents the unamortised aggregate rental support top-up payments receivable by the Group for its one-third interest in ORQPL and BFC DPL, additional 19.4% interest in Prudential Tower, 100% interest in 77 King Street office tower, and approximately 87.51% interest in OPLLP. The remaining rental support periods range from 2 to 5 years (2010: 1 to 6 years).

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11. Trade and other receivables

	<u>Group</u>		<u>Trust</u>	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Trade receivables	6,180	3,044	2	967
Amounts due from subsidiary (non-trade)	-	-	1,672	267
Amounts due from related companies (trade)	15,446	7,142	15,446	7,142
Amounts due from associates (non-trade)	-	2,820	-	2,820
Amounts due from joint venture (non-trade)	919	-	-	-
Deposits	62	191	-	191
Interest receivable	5	3	5	3
Unbilled receivables	2,777	2,590	-	-
Other receivables	5,193	5,354	3,944	512
	<u>30,582</u>	<u>21,144</u>	<u>21,069</u>	<u>11,902</u>

Amounts due from subsidiary, related companies and associates are unsecured, interest-free, repayable on demand and are to be settled in cash.

Included in other receivables as at 31 December 2011 were rental support receivable and GST recoverable of \$1,872,000 and \$2,217,000 respectively. As at 31 December 2010, rental and incentive support of \$4,841,000 was receivable from the vendor of 77 King Street office tower and included in other receivables.

12. Cash and cash equivalents

	<u>Group</u>		<u>Trust</u>	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Cash at banks and on hand	60,403	45,534	50,248	45,308
Fixed deposits	25,338	4,326	9,138	4,326
	<u>85,741</u>	<u>49,860</u>	<u>59,386</u>	<u>49,634</u>

Cash at banks earn interest at floating rates based on daily bank deposit rates ranging from 0% to 4.45% (2010: 0% to 4.47%) per annum. Short-term deposits are made for varying periods of between 7 days and 91 days (2010: 1 day and 92 days) depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The interest rates of short-term deposits range from 0.05% to 0.50% (2010: 0.05% to 4.35%) per annum.

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13. Trade and other payables

	<u>Group</u>		<u>Trust</u>	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Trade payables	2,015	2,423	747	1,233
Accrued expenses	8,072	2,660	2,549	2,074
Other payables	107,293	27,676	27,676	27,676
Accrued acquisition costs	4,990	2,428	4,376	2,428
Amounts due to related companies				
- trade	7,765	7,152	7,765	7,152
- non-trade	961	299	1,447	299
Other deposits	8,665	374	24	374
Interest payable	1,594	988	1,061	988
	<u>141,355</u>	<u>44,000</u>	<u>45,645</u>	<u>42,224</u>

Other payables relate to (i) estimated development costs of \$79,617,000 (2010: Nil) to complete Phase 2 of Ocean Financial Centre of which the Group's proportionate share was withheld from the purchase consideration paid to SPIPL for the approximate 87.51% equity interest in OPPL and (ii) estimated construction costs of \$27,676,000 (2010: \$27,676,000) withheld from the purchase consideration paid for the acquisition of one-third interest in BFCDFL.

Included in the trade amounts due to related companies are amounts due to the Property Manager of \$732,000 (2010: \$205,000) and the Manager of \$7,033,000 (2010: \$6,947,000).

Amounts due to related companies are unsecured, interest-free and repayable on demand. These amounts are to be settled in cash with the exception of management fees payable to the Manager which will be paid in the form of cash and/or Units (Note 1(b)).

Included in other deposits is an amount of \$8,214,000 (2010: Nil) which relates to retention monies for the construction of Ocean Financial Centre.

14. Derivatives financial instruments

	Maturity	<u>Group and Trust</u>			
		2011 \$'000	Assets/ (Liabilities)	2010 \$'000	Assets/ (Liabilities)
		Contract/ Nominal Amount		Contract/ Nominal Amount	
Forward currency contracts	2012 - 2013	168,115	9,832	6,274	(452)
Interest rate swaps	2013 - 2015	635,000	(22,974)	635,000	(4,606)
		<u>803,115</u>	<u>(13,142)</u>	<u>641,274</u>	<u>(5,058)</u>
Percentage of derivatives to the Group's net asset value			0.38		0.25
Percentage of derivatives to the Trust's net asset value			0.42		0.24

Forward currency contracts

Forward currency contracts are used to hedge foreign currency risk arising from the cash flow of its foreign investment properties in Australia. The Group also entered into forward currency contracts to hedge its firm commitment for the progressive payments to be made for the subscription of units and convertible notes in M8CT (Note 6).

The Group designates these forward currency contracts as cash flow hedges which were assessed to be highly effective. A net unrealised gain of \$9,832,000 (2010: Nil) was included in hedging reserve in Unitholders' funds in respect of these contracts.

Interest rate swaps

The interest rate swaps are being used to hedge the interest rate risk arising from the underlying floating interest rates of respective bank loans. Under the interest rate swaps, the Group receives floating interest equal to S\$ swap-offer rate ("SOR") at specific contracted intervals and pays fixed rates of interest ranging from 1.43% to 2.15% (2010: 1.43% to 2.15%) per annum.

The Group designates these interest rate swaps as cash flow hedges which were assessed to be highly effective. An unrealised loss of \$22,974,000 (2010: \$4,606,000) was included in hedging reserve in Unitholders' funds in respect of these contracts.

15. Income received in advance

Income received in advance comprises mainly rental and incentive supports received in advance from third party vendors for certain of the Group's investment properties.

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16. Borrowings

	Maturity	Group		Trust	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Current:					
Bank loans (secured)	2012	410,222	-	-	-
Bank loans (unsecured)	2012	99,905	-	-	-
		<u>510,127</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-current:					
Bank loans (secured)	2015	422,815	422,263	422,815	422,263
Bank loans (unsecured)	2013 – 2015	757,584	359,179	359,391	359,179
Term loan (unsecured)	2014	127,000	-	127,000	-
Revolving loan facility (unsecured)	2014	348,434	208,490	348,434	208,490
Borrowings from a subsidiary (unsecured)		-	-	498,075	-
		<u>1,655,833</u>	<u>989,932</u>	<u>1,755,715</u>	<u>989,932</u>
Percentage of total borrowings to net asset value		62.3	48.2	55.6	47.9

Bank loans (secured)

These loans are secured by mortgage over certain investment properties (Note 3) of the Group. The interest rates range from 0.385% + SOR to 0.87% + SOR (2010: 0.75% + SOR to 0.87% + SOR) per annum. The loans are repayable upon maturity. The Group has entered into interest rate swaps (Note 14) to hedge the floating interest rates of the non-current bank loans.

Bank loans (unsecured)

Bank loans amounting to \$499,006,000 (2010: \$149,758,000) are on fixed interest rates ranging from 1.87% to 2.98% (2010: 1.87% to 2.98%) per annum and repayable upon maturity. The remaining \$358,483,000 (2010: \$209,421,000) bank loans are on floating interest rates ranging from 0.55% + SOR to 1.22% + SOR (2010: 1.05% + SOR to 1.22% + SOR) per annum and repayable upon maturity. The Group has entered into interest rate swaps (Note 14) to hedge \$209,568,000 (2010: \$209,421,000) bank loans that are on floating interest rates.

Term loan (unsecured)

The Trust took up \$127,000,000 term loan with Kephinace in May 2011 for a period of 3 years. The loan is on floating interest rates ranging from 1.14% to 1.43% (2010: Nil) per annum and is repriced every rollover period.

Revolving loan facility (unsecured)

In September 2010, the Trust put in place a revolving loan facility of \$350,000,000 from Kephinace for a period of 24 months. During the current financial year, a supplemental agreement was drawn up to extend the maturity date of the facility to end 2014. The loans drawn down are on floating interest rates ranging from 1.20% to 1.83% (2010: 1.83% to 1.85%) per annum and are repriced every rollover period.

Borrowings from a subsidiary (unsecured)

Borrowings from a subsidiary bear interest ranging from 0.86% to 2.44% (2010: Nil) per annum and are not expected to be repaid within the next 12 months.

The weighted average all-in funding cost of the Group, including margin charged on the loans and amortised upfront costs, is 2.53% (2010: 3.37%) per annum.

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17. Units in issue

	<u>Group and Trust</u>			
	2011 '000	\$'000	2010 '000	\$'000
At 1 January	1,355,904	1,672,063	1,336,023	1,645,657
Issue of Units:				
- payment of management fees in Units	8,443	10,467	7,767	8,803
- rights issue	1,159,694	985,740	-	-
- payment of acquisition and divestment fees in Units	23,534	20,131	12,114	17,133
(Issue expenses)/ Issue expense adjustment	-	(5,405)	-	470
At 31 December	<u>2,547,575</u>	<u>2,682,996</u>	<u>1,355,904</u>	<u>1,672,063</u>

During the year, the following Units were issued:

- 8,442,733 (2010: 7,766,746) Units were issued at unit prices ranging between \$1.0552 - \$1.4182 (2010: \$1.0796 - \$1.3046) as payment of management fees;
- 23,534,019 Units were issued at unit price of \$0.8554 per unit as payment of acquisition fee pursuant to the acquisition of the approximate 87.51% equity interest in OPPL; and
- 1,159,694,000 Units were issued at unit price of \$0.85 per unit for the rights issue.

In 2010, 12,114,120 Units were issued at unit price of \$1.4143 per unit as payment of acquisition and divestment fee pursuant to the acquisition of one-third interest in BFC DPL and divestment of Keppel Towers and GE Tower.

Each Unit represents undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- receive income and other distributions attributable to the Units held;
- participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to transfer to it any assets (or part thereof) or of any estate or interest in any asset (or part thereof) of the Trust; and
- attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or Unitholders representing not less than 10% of the issued Units of the Scheme) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed.

The restrictions of a Unitholder include, *inter alia*, the following:

- a Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and
- a Unitholder has no right to request the Manager to repurchase or redeem his Units while Units are listed on SGX-ST.

The Trust Deed contains provisions designed to limit the liability of a Unitholder to the amount paid or payable for any Unit, and to ensure that no Unitholder, by reason alone of being a Unitholder, will be personally liable to indemnify the Trustee or any creditor of the Group in the event that the liabilities of the Group exceed its assets, if the issue price of the Units held by that Unitholder has been fully paid.

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18. Property income

	<u>Group</u>	
	2011	2010
	\$'000	\$'000
Gross rent	76,070	82,413
Car park income	1,154	1,713
Others	744	433
	77,968	84,559

19. Property expenses

	<u>Group</u>	
	2011	2010
	\$'000	\$'000
Property tax	4,265	4,155
Property management fee	1,582	2,187
Property management salary reimbursements	381	1,076
Marketing expenses	1,452	1,564
Utilities	2,258	2,171
Maintenance	5,913	5,943
Other property expenses	463	158
	16,314	17,254

20. Rental support

Rental support relates to top-up payments from vendors for shortfall of guaranteed income amounts from the Group's interest in ORQPL, BFCPL, Prudential Tower, 275 George Street, 77 King Street office tower and OPLLP.

21. Trust expenses

	<u>Group</u>	
	2011	2010
	\$'000	\$'000
Manager's management fee	23,699	15,074
Trustee's fees	761	471
Auditors' remuneration	346	147
Professional fees	2,607	689
Acquisition fees written off	5	3,721
Other trust expenses	791	841
	28,209	20,943

The Manager has elected to receive in Units 100% of management fees earned in respect of the approximate 87.51% interest in OPLLP, and 50% of management fees earned for the remaining properties during the financial year. The Manager had elected to receive 50% of management fees in Units for the financial year ended 31 December 2010.

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22. Borrowing costs

	<u>Group</u>	
	2011	2010
	\$'000	\$'000
Interest expense		
- bank loans	23,376	1,016
- term loans	-	6,567
- term loan from a related company	656	-
- revolving loan from a related company	4,113	7,057
Amortisation of capitalised transaction costs	787	2,181
	28,932	16,821

23. Net change in fair value of investment properties

	<u>Group</u>	
	2011	2010
	\$'000	\$'000
Investment properties held directly by the Group	133,290	24,170
Investment properties held by associates (Note 5)	95,445	7,421
	228,735	31,591

24. Income tax expense

	<u>Group</u>	
	2011	2010
	\$'000	\$'000
Current tax:		
- current year	4,979	3,184
Withholding tax:		
- current year	1,342	310
Total	6,321	3,494
Reconciliation of effective tax:		
Total return before tax	302,467	112,730
Income tax using Singapore tax rate of 17% (2010: 17%)	51,419	19,164
Non-tax deductible items	11,525	5,931
Net change in fair value of investment properties	(38,885)	(5,370)
Divestment gain from disposal of investment property	-	(4,495)
Share of results of associates	(6,357)	(1,648)
Withholding tax	1,342	310
Tax transparency	(12,723)	(10,398)
Income tax expense recognised in Statement of Total Return	6,321	3,494

The corporate income tax rate applicable to Singapore companies of the Group was 17% (2010: 17%).

K-REIT ASIA & ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2011

25. Earnings per Unit

The basic earnings per Unit is calculated by dividing total return after tax attributable to Unitholders against weighted average number of Units outstanding during the financial year.

	<u>Group</u>	
	2011	2010
	\$'000	\$'000
Total return after tax attributable to Unitholders	290,072	109,236
Total return after tax and excluding net change in fair value of investment properties and divestment gain	67,176	51,206
	'000	'000
Weighted average number of Units in issue during the financial year	1,420,583	1,458,969
Basic earnings per Unit based on:		
Total return after tax attributable to Unitholders	20.42 cents	7.49 cents
Total return after tax excluding net change in fair value of investment properties and divestment gain	4.73 cents	3.51 cents

The basic earnings per Unit for financial year ended 31 December 2010 has been adjusted to account for the effect of the rights issue as mentioned in Note 17.

Diluted earnings per Unit is the same as the basic earnings per Unit as there are no dilutive instruments in issue during the financial year.

26. Significant related party transactions

During the financial year, other than those disclosed elsewhere in the financial statements, these were the following significant related party transactions which took place at terms agreed between the parties:

	<u>Group</u>	
	2011	2010
	\$'000	\$'000
Manager's management fees paid/ payable to the Manager	23,699	15,074
Acquisition fee paid to the Manager	23,437	17,935
Divestment fee paid to the Manager	-	2,865
Trustee's fees paid/ payable to the Trustee	564	353
Property management fees and reimbursable paid/ payable to a related company	1,692	3,054
Leasing commissions paid/ payable to a related company	1,230	1,134
Rental income and other related income from related companies	4,724	3,666
Interest on revolving loan paid to a related company	4,113	7,057
Interest on term loan paid to a related company	656	-
Interest income received/receivable from associates of the Trust	21,120	11,291
Interest income received/receivable from a related company	-	80
Rental support received from related companies	38,922	24,688
Dividend income received / receivable from associates	37,270	9,232
Payments to a related company on acquisition of the approximate 87.51% equity interest in a subsidiary	1,579,265	-
Proceeds received from a related company on disposal of an investment property	-	563,202
Payments to a related company on acquisition of one-third interest in an associate	-	1,399,221
Loans from a related company	266,944	208,490
Repayment of revolving loan to a related company	-	391,000
Loan to an associate	1,874	-
Coupon interest receivable from joint venture	909	-

27. Financial risk management objectives and policies

The Group is exposed to credit, interest rate, liquidity, foreign currency and operational risks in the normal course of the Group's business. Assessment of financial risks is carried out regularly by the Manager.

The Manager believes that good risk management practices and strong internal controls are critical components to K-REIT Asia's business. As such, the Manager constantly reviews risks faced by the Group and pro-actively carries out initiatives to mitigate them. Some of the key risks that the Manager has identified are as follows:

(a) Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Prior to signing any major lease agreements, credit assessments on prospective tenants are carried out. This is usually done by way of evaluating information from corporate searches. Security deposits are collected from tenants, and the Group's tenant trade sector mix in its property portfolio is actively managed to avoid excessive exposure to any one potentially volatile trade sector.

The Manager has ensured appropriate terms and/or credit controls are stipulated in the agreements to ensure counterparty fulfil its obligations.

Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the Balance Sheets.

Credit risk concentration profile

At the reporting date, approximately 53.5% (2010: 47.0%) of the Group's trade and other receivables were due from related companies, associates and joint venture. Concentration of credit risk relating to trade receivables is limited due to the Group's many varied tenants. The tenants are engaged in diversified businesses and are of good quality and strong credit standing.

Financial assets that are neither past due nor impaired

Trade and other receivables and advances to associates (non-trade) that are neither past due nor impaired relate to creditworthy debtors and counterparties with good payment record. Cash and cash equivalents are placed and derivative financial instruments are entered into with financial institutions with good credit ratings.

27. Financial risk management objectives and policies (cont'd)

(b) Interest rate risk

The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities.

The Group constantly monitors its exposure to changes in interest rates for its interest-bearing financial liabilities. Interest rate risk is managed on an ongoing basis with the primary objective of limiting the extent to which net interest expense can be affected by adverse movements in interest rates through the use of interest rate swaps.

The Group manages interest costs using a mix of fixed and floating rate debts. The details of the interest rates relating to interest-earning financial assets and interest-bearing financial liabilities are disclosed in Notes 6, 8, 12, 14 and 16 respectively.

Sensitivity analysis

At the reporting date, if Singapore Dollar interest rates had been 75 (2010: 75) basis points lower/ higher with all other variables constant, the Group's total return before tax would have been \$7,124,000 (2010: \$1,190,000) higher/ lower, arising mainly as a result of lower/ higher interest expense on floating rate borrowings that are not hedged and higher/lower interest income from short-term deposits with financial institutions.

(c) Liquidity risk

The Group's cash flow position and working capital are monitored closely to ensure that there are adequate liquid reserves in terms of cash and credit facilities to meet short-term obligations. Steps have been taken to plan early for funding and expense requirements so as to manage the cash position at any point in time.

The table below summarises the maturity profile and financial liabilities of the Group and Trust at the reporting date.

Group	2011				2010			
	1 year or less	2 to 5 years	> 5 years	Total	1 year or less	2 to 5 years	> 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	141,355	-	-	141,355	44,000	-	-	44,000
Derivative financial instruments	267	22,974	-	23,241	452	4,606	-	5,058
Security deposits	1,213	18,589	8,131	27,933	2,400	6,186	-	8,586
Borrowings	542,525	1,684,004	-	2,226,529	16,672	1,040,329	-	1,057,001
	685,360	1,725,567	8,131	2,419,058	63,524	1,051,121	-	1,114,645

27. Financial risk management objectives and policies (cont'd)

(c) Liquidity risk (cont'd)

<u>Trust</u>	2011				2010			
	1 year or less	2 to 5 years	> 5 years	Total	1 year or less	2 to 5 years	> 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	45,645	-	-	45,645	42,224	-	-	42,224
Derivative financial instruments	267	22,974	-	23,241	452	4,606	-	5,058
Security deposits	1,213	8,118	-	9,331	2,400	6,186	-	8,586
Borrowings	19,389	1,248,753	-	1,268,142	16,672	1,040,329	-	1,057,001
	66,514	1,279,845	-	1,346,359	61,748	1,051,121	-	1,112,869

(d) Foreign currency risk

Foreign currency risk arises when transactions are denominated in currencies other than the respective financial currencies of the various entities in the Group and impact the Group's total return for the year.

The Group's foreign currency risk relates mainly to its Australian Dollar denominated investments. The Group monitors its foreign currency exposure on an on-going basis and manages its exposure to adverse movements in foreign currency exchange rates through financial instruments or other suitable financial products.

The Group has outstanding forward currency contracts with notional amounts totalling \$168,115,000 (2010: \$6,274,000) (Note 14). As at the reporting date, financial derivative assets of \$9,832,000 (2010: liabilities of \$452,000) were recorded on the Balance Sheets based on the net fair value of these forward exchange contracts.

Sensitivity analysis

At the reporting date, if the Australian Dollar changes against Singapore Dollar by 5% (2010: 5%) with all other variables constant, the Group's total return before tax would have been \$275,000 (2010: \$37,000) higher/lower due to exchange differences arising from appreciation/depreciation of Australian Dollar against Singapore Dollar.

28. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a healthy credit rating and aggregate leverage ratio.

Under the Property Funds Appendix of the CIS Code, the aggregate leverage should not exceed 35.0% of the Group's deposited property. The aggregate leverage may exceed 35.0% of the Group's deposited property (up to a maximum of 60.0%) only if a credit rating of the Trust from Fitch Inc., Moody's Investor Services or Standard and Poor's is obtained and disclosed to the public. The Group has been assigned a first-time corporate rating of "Baa3" on 10 December 2007 by Moody's Investor Services and corporate rating of "BBB" on 20 October 2011 by Standard & Poor's. The Group has complied with this requirement for the financial years ended 31 December 2011 and 2010.

The Group's capital is represented by its Unitholders' funds as disclosed in the Balance Sheets. The Group constantly monitors capital using aggregate leverage ratio, which is total gross borrowings divided by the value of its deposited properties. At the balance sheet date, the Group has gross borrowings (including deferred payments for the construction of Phase 2 of Ocean Finance Centre) totalling \$2,495,479,000 (2010: \$1,289,932,000) and an aggregate leverage of 41.6% (2010: 37.0%).

29. Financial instruments

(a) Fair value of financial instruments

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 classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- (i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- (iii) Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows an analysis of the Group's financial instruments carried at fair value based on Level 2 of the fair value hierarchy.

	<u>Group</u>	
	2011	2010
	\$'000	\$'000
<u>Financial assets/(liabilities)</u>		
Derivative financial instruments (Note 14)		
- Forward currency contracts	9,832	(452)
- Interest rate swaps	<u>(22,974)</u>	<u>(4,606)</u>
As at 31 December	<u>(13,142)</u>	<u>(5,058)</u>

There have been no transfers between the respective levels during the financial years ended 2011 and 2010.

29. Financial instruments (cont'd)

(a) Fair value of financial instruments (cont'd)

Forward currency contracts and interest rate swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves.

The Manager has determined that the carrying amounts of cash and short term deposits, trade and other receivables, trade and other payables and short-term borrowings reasonably approximate fair values due to their short-term nature. The carrying amount of advances to associates reasonably approximate fair value because they are floating rate instruments that are repriced to market interest rates on or near the end of the reporting period.

The fair values of long term borrowings and security deposits as at 31 December 2011 are as stated below. They are estimated using discounted cash flow analysis based on current rates for similar types of borrowing arrangements.

	2011		2010	
	Carrying value \$'000	Fair value \$'000	Carrying value \$'000	Fair value \$'000
<u>Group</u>				
Long-term borrowings (secured)	422,815	408,266	422,263	388,829
Long-term borrowings (unsecured)	1,233,018	1,235,956	567,669	570,358
Security deposits (non-current)	26,720	24,018	6,186	5,257
<u>Trust</u>				
Long-term borrowings (secured)	422,815	408,266	422,263	388,829
Long-term borrowings (unsecured)	1,332,900	1,335,861	567,669	570,358
Security deposits (non-current)	8,118	7,605	6,186	5,257

Fair value information has not been disclosed for the Trust's amount owing by subsidiary that is carried at cost because fair value cannot be measured reliably as the amount has no fixed repayment terms.

K-REIT ASIA & ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
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29. Financial instruments (cont'd)

(b) Classification of financial instruments

<u>Group</u>	Fair value through profit or loss \$'000	Loans and receivables \$'000	Liabilities at amortised cost \$'000
<u>2011</u>			
<i>Assets</i>			
Advances to associates	-	606,222	-
Trade and other receivables	-	37,316	-
Cash and cash equivalents	-	85,741	-
Total	-	729,279	-
<i>Liabilities</i>			
Trade and other payables	-	-	141,355
Borrowings	-	-	2,165,960
Security deposits	-	-	27,933
Total	-	-	2,335,248
<u>2010</u>			
<i>Assets</i>			
Advances to associates	-	604,348	-
Trade and other receivables	-	21,144	-
Cash and cash equivalents	-	49,860	-
Total	-	675,352	-
<i>Liabilities</i>			
Trade and other payables	-	-	44,000
Borrowings	-	-	989,932
Security deposits	-	-	8,586
Derivative financial instruments	452	-	-
Total	452	-	1,042,518

K-REIT ASIA & ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2011

29. Financial instruments (cont'd)

(b) Classification of financial instruments (cont'd)

<u>Trust</u>	Fair value through profit or loss \$'000	Loans and receivables \$'000	Liabilities at amortised cost \$'000
<u>2011</u>			
<i>Assets</i>			
Advances to associates	-	606,222	-
Amount owing from subsidiary	-	430,314	-
Trade and other receivables	-	21,069	-
Cash and cash equivalents	-	59,386	-
Total	-	1,116,991	-
<i>Liabilities</i>			
Trade and other payables	-	-	45,645
Borrowings	-	-	1,755,715
Security deposits	-	-	9,331
Total	-	-	1,810,691
<u>2010</u>			
<i>Assets</i>			
Advances to associates	-	604,348	-
Amount owing from subsidiary	-	381,227	-
Trade and other receivables	-	11,902	-
Cash and cash equivalents	-	49,634	-
Total	-	1,047,111	-
<i>Liabilities</i>			
Trade and other payables	-	-	42,224
Borrowings	-	-	989,932
Security deposits	-	-	8,586
Derivative financial instruments	452	-	-
Total	452	-	1,040,742

30. Portfolio reporting

The Group's business is investing in real estate and real estate-related assets which are predominantly used for commercial purposes. All its existing properties are located in Singapore and Australia.

Discrete financial information is provided to the Board on a property by property basis. This information provided is net rental (including property income and property expenses) and the value of the deposited property. The Board is of the view that the portfolio reporting is appropriate as the Group's business is in prime commercial properties located in Australia and Singapore Central Business District area.

K-REIT ASIA & ITS SUBSIDIARIES
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30. Portfolio reporting (cont'd)

Investments in One Raffles Quay and Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall are held through one-third interest in ORQPL and BFC DPL and the information provided is those in relation to the properties.

<u>By property</u>	<u>Group</u>	
	2011	2010
	\$'000	\$'000
<u>Property income</u>		
Prudential Tower ¹	19,188	19,097
Keppel Towers and GE Tower	-	27,560
Bugis Junction Towers	21,326	20,021
275 George Street ²	22,274	17,547
77 King Street office tower	12,314	334
Ocean Financial Centre ³	2,866	-
Total property income	77,968	84,559
 <u>Income contribution</u>	 2011	 2010
	\$'000	\$'000
Prudential Tower ¹	14,753	15,650
Keppel Towers and GE Tower	-	19,941
Bugis Junction Towers	16,543	16,476
275 George Street ²	18,800	14,977
77 King Street office tower	9,512	261
Ocean Financial Centre ³	2,046	-
Total net property income	61,654	67,305
 One-third interest in ORQPL:		
- Rental support	18,788	23,206
- Interest income	1,446	10,970
- Dividend income	15,731	9,232
Total income from one-third interest in ORQPL	35,965	43,408
 One-third interest in BFC DPL:		
- Rental support	11,523	1,482
- Interest income	19,674	300
- Dividend income	21,539	-
Total income from one-third interest in BFC DPL	52,736	1,782
 8 Chifley Square ⁴		
- Interest income	909	-
Total income contribution ⁵	151,264	112,495

¹ Comprises approximately 92.8% (2010: 73.4%) of the strata area in Prudential Tower.

² Comprises 50.0% interest (2010: 50.0%) in 275 George Street.

³ Comprises approximately 87.51% (2010: Nil) interest in Ocean Financial Centre through OPLLP.

⁴ Comprises 50.0% interest (2010: Nil) in 8 Chifley Square.

K-REIT ASIA & ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
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30. Portfolio reporting (cont'd)

⁵ Reconciliation to net income before net change in fair value of investment properties and divestment gain per Statement of Total Return:-

	<u>Group</u>	
	2011 \$'000	2010 \$'000
Total income contribution	151,264	112,495
Less: Dividend income	(37,270)	(9,232)
Add: Rental support for directly held investment properties	15,322	1,678
Add: Interest income earned from deposits placed with financial institutions	1,019	782
Add: Share of results of associates	37,393	9,695
Less: Share of results of joint ventures	(33)	-
Less: Other unallocated expenses	(93,963)	(60,718)
Net income before net change in fair value of investment properties and divestment gain	73,732	54,700

	<u>Group</u>	
	2011 \$'000	2010 \$'000
<u>Interest in associates</u>		
One-third interest in ORQPL:		
Investment in associate	543,392	510,759
Advances to associate	44,946	44,946
Intangible asset	-	11,635
	588,338	567,340
One-third interest in BFCDPL:		
Investment in associate	926,316	865,938
Advances to associate	561,276	559,402
Intangible asset	6,282	20,850
	1,493,874	1,446,190

Interest in joint venture

50.0% interest in M8CT:		
Investment in joint venture	14,526	-
Advances to joint venture	22,485	-
	37,011	-

K-REIT ASIA & ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2011

30. Portfolio reporting (cont'd)

<u>By geographical area</u>	<u>Group</u>	
	2011 \$'000	2010 \$'000
<u>Property income</u>		
- Singapore	43,380	66,678
- Australia	34,588	17,881
Total property income	<u>77,968</u>	<u>84,559</u>
<u>Net property income</u>		
- Singapore	33,342	52,067
- Australia	28,312	15,238
Total net property income	<u>61,654</u>	<u>67,305</u>
<u>Income contribution</u>		
- Singapore	122,043	97,257
- Australia	29,221	15,238
Total income contribution	<u>151,264</u>	<u>112,495</u>
<u>Investment in properties, at valuation</u>		
- Singapore	3,081,392	662,700
- Australia	390,677	362,934
Total value of deposited properties	<u>3,472,069</u>	<u>1,025,634</u>

31. Commitments and contingencies

(a) Operating lease commitments – as lessor

The Group leases out its investment properties. Lease arrangements for the Group's Australia-based investment properties include rental escalation clauses. Future minimum rental receivable under non-cancellable operating leases is as follows:

	<u>Group</u>	
	2011 \$'000	2010 \$'000
Within 1 year	140,635	60,410
Between 2 and 5 years	450,956	130,181
After 5 years	125,555	88,239
	<u>717,146</u>	<u>278,830</u>

31. Commitments and contingencies (cont'd)

(b) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements is as follows:

	<u>Group</u>		<u>Trust</u>	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Capital commitment in respect of investment properties	-	297	-	297
Committed progressive payments for investment in a joint venture (Note 6)	<u>190,493</u>	<u>-</u>	<u>-</u>	<u>-</u>

The committed progressive payments for investment in a joint venture are based on the maximum consideration payable by the Group for its 50% stake in M8CT.

(c) Guarantee

The Trust has provided a corporate guarantee to banks for loans taken by a subsidiary which amount to \$500,000,000 (2010: Nil).

32. Financial ratios

	2011 %	2010 %
Expenses to weighted average net assets ¹		
- including performance component of Manager's management fees	1.32	1.05
- excluding performance component of Manager's management fees	1.09	0.89
Portfolio turnover rate ²	-	18.98

¹ The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to the trust expenses, excluding property expenses, amortisation expense and borrowing costs.

² The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Trust expressed as a percentage of weighted average net asset value.

33. Subsequent events

- (a) On 17 January 2012, the Manager declared a distribution of 2.45 cents per Unit for the period from 1 July 2011 to 31 December 2011.
- (b) On 30 January 2012, the Trust issued 4,721,998 new Units as payment of management fees for the period from 1 October 2011 to 31 December 2011. The issue price was based on the volume-weighted average traded price for all trades completed on the SGX-ST in the ordinary course of trading for 10 business days immediately preceding 30 December 2011.

**UNAUDITED FINANCIAL RESULTS ANNOUNCEMENT OF
KEPPEL REIT FOR THE THIRD QUARTER AND
NINE MONTHS ENDED 30 SEPTEMBER 2012**

The information in this Appendix IV has been reproduced from the unaudited financial results announcement of Keppel REIT for the third quarter and nine months ended 30 September 2012 and has not been specifically prepared for inclusion in this Information Memorandum.

**KEPPEL REIT
THIRD QUARTER 2012 FINANCIAL STATEMENTS ANNOUNCEMENT**

UNAUDITED RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012

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**SUMMARY OF KEPPEL REIT RESULTS
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2012**

	GROUP			
	3Q2012 \$'000	YTD Sep 2012 \$'000	YTD Sep 2011 \$'000	+/(-) %
Property Income	40,200	116,073	55,348	109.7
Net Property Income	32,083	91,861	43,899	109.3
Share of Results of Associates	12,709	34,801	25,415	36.9
Total Return before Tax	34,472	101,094	51,371	96.8
Income Available for Distribution	51,685	150,040	77,236	94.3
Distributable Income to Unitholders ¹	51,685	150,040	77,236	94.3
Distribution per Unit ("DPU") (cents)				
For the Period	1.96	5.80	5.68	2.1
Annualised	7.80	7.75	7.59	2.1
Distribution Yield	6.6% ²	6.5% ²	7.6% ³	
Adjusted for Rights Issue				
DPU (cents)				
For the Period	1.96	5.80	3.06 ⁴	89.5
Annualised	7.80	7.75	4.09 ⁴	89.5

Notes:

- (1) The distributable income to Unitholders is based on 100% of the income available for distribution.
- (2) The yield is based on the market closing price per unit of \$1.185 as at the last trading day, 28 September 2012.
- (3) The yield is based on the market closing price per unit of \$1.005 as at the last trading day, 30 September 2011.
- (4) Restated to take into account the effect of the fully underwritten, renounceable 17-for-20 rights issue of 1,159,694,000 units at an issue price of \$0.85 per rights unit and computed based on the issued units at end of the period aggregated with 1,159,694,000 units which were issued on 13 December 2011.

Distribution	1 July 2012 to 30 September 2012
Distribution Type	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
Distribution Rate	(a) Taxable income distribution - 0.90 cents per unit (b) Tax-exempt income distribution - 1.03 cents per unit (c) Capital distribution - 0.03 cents per unit
Books Closure Date	23 October 2012
Payment Date	27 November 2012

INTRODUCTION

Listed by way of an introduction on 28 April 2006, K-REIT Asia was renamed Keppel REIT on 15 October 2012. Keppel REIT is one of the largest real estate investment trusts listed on the Singapore Exchange Securities Trading Limited.

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 across Asia.

As at 30 September 2012, Keppel REIT has an asset size of \$6.35 billion comprising eight premium commercial assets strategically located in the central business districts of Singapore, and key cities of Sydney and Brisbane in Australia.

In Singapore, Keppel REIT owns Bugis Junction Towers, a one-third interest in Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall, a 99.9% interest in Ocean Financial Centre, a one-third interest in One Raffles Quay, and a 92.8% interest in Prudential Tower.

In Australia, Keppel REIT owns the office tower at 77 King Street and a 50% interest in 8 Chifley Square, both in Sydney as well as a 50% interest in 275 George Street in Brisbane. On 26 September 2012, Keppel REIT announced the acquisition of a 50% interest in a new office tower to be built on the site of the Old Treasury Building in Perth, Australia. The acquisition is expected to be completed in end-March 2013.

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

1 UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2012

The Directors of Keppel REIT Management Limited, as manager of Keppel REIT, announce the following unaudited results of Keppel REIT for the third quarter and nine months ended 30 September 2012:

1(a)(i) Statement of total return and distribution statement, together with a comparative statement for the corresponding period of the immediately preceding financial year

Statement of Total Return

	Note	Group					+ / (-) %
		3Q2012 \$'000	3Q2011 \$'000	+ / (-) %	YTD Sep 2012 \$'000	YTD Sep 2011 \$'000	
Gross rent		39,441	18,291	115.6	113,850	54,391	109.3
Car park income		347	289	20.1	1,019	851	19.7
Other income		412	34	>500	1,204	106	>500
Property income		40,200	18,614	116.0	116,073	55,348	109.7
Property tax		(2,930)	(1,096)	167.3	(8,415)	(2,942)	186.0
Other property expenses	1	(3,494)	(1,823)	91.7	(10,919)	(5,504)	98.4
Property management fee		(1,045)	(414)	152.4	(2,933)	(1,254)	133.9
Maintenance and sinking fund contributions		(648)	(624)	3.8	(1,945)	(1,749)	11.2
Property expenses		(8,117)	(3,957)	105.1	(24,212)	(11,449)	111.5
Net property income		32,083	14,657	118.9	91,861	43,899	109.3
Rental support	2	22,785	7,923	187.6	69,029	28,423	142.9
Interest income	3	7,468	5,885	26.9	21,365	17,086	25.0
Share of results of associates	4	12,709	10,929	16.3	34,801	25,415	36.9
Share of results of joint ventures	5	4	-	Nm	2	-	Nm
Amortisation expense	6	(16,964)	(7,806)	117.3	(48,204)	(22,687)	112.5
Borrowing costs	7	(12,117)	(7,173)	68.9	(34,378)	(20,939)	64.2
Manager's management fees	8	(10,122)	(5,761)	75.7	(29,166)	(16,748)	74.1
Trust expenses		(779)	(510)	52.7	(3,621)	(2,287)	58.3
Changes in fair value of derivative financial instruments	9	(595)	(466)	27.7	(595)	(791)	(24.8)
Total return before tax		34,472	17,678	95.0	101,094	51,371	96.8
Income tax expense	10	(3,646)	(1,260)	189.4	(11,382)	(3,532)	222.3
Total return after tax		30,826	16,418	87.8	89,712	47,839	87.5
Attributable to:							
Unitholders		30,811	16,418	87.7	86,493	47,839	80.8
Non-controlling interest		15	-	Nm	3,219	-	Nm
		30,826	16,418	87.8	89,712	47,839	87.5
Distribution Statement							
Total return for the period attributable to Unitholders		30,811	16,418	87.7	86,493	47,839	80.8
Net tax adjustments	11	20,874	10,274	103.2	63,547	29,397	116.2
Income available for distribution		51,685	26,692	93.6	150,040	77,236	94.3
Distribution to Unitholders	12	51,685	26,692	93.6	150,040	77,236	94.3
Distribution per unit (cents)							
For the period	13	1.96	1.06	84.9	5.80	3.06	89.5
Annualised	13	7.80	4.21	85.3	7.75	4.09	89.5

Notes:

Nm – Not meaningful

- (1) *Included in other property expenses are the following:*

	<u>Group</u>		YTD	YTD
	3Q2012	3Q2011	Sep 2012	Sep 2011
	\$'000	\$'000	\$'000	\$'000
Marketing expenses	153	328	439	723
Utilities	1,171	517	3,843	1,507
Repair and maintenance	1,451	782	4,616	2,764
Property management reimbursements	535	88	1,404	241
Other property expenses	184	108	617	269
	3,494	1,823	10,919	5,504

- (2) *This relates to the rental support top-up payments received by Keppel REIT for its one-third interest in One Raffles Quay Pte Ltd ("ORQPL"), the additional 29% and 19.4% interests in Prudential Tower acquired on 2 November 2009 and 3 May 2011 respectively, the 50% interest in 275 George Street, Brisbane, the one-third interest in BFC Development LLP ("BFCDLLP") which holds Marina Bay Financial Centre Towers 1 & 2 and Marina Bay Link Mall, the office tower at 77 King Street, Sydney, and the approximate 99.9% interest in Ocean Properties LLP ("OPLLP") which holds Ocean Financial Centre.*

- (3) *Interest income comprises the following:*

	<u>Group</u>		YTD	YTD
	3Q2012	3Q2011	Sep 2012	Sep 2011
	\$'000	\$'000	\$'000	\$'000
Interest income from fixed deposits and current accounts	274	226	805	832
Interest income from shareholder's loans to ORQPL and BFCDLLP	5,572	5,283	16,862	15,878
Interest income from convertible notes in Mirvac 8 Chifley Trust	1,622	376	3,698	376
	7,468	5,885	21,365	17,086

- (4) *Share of results of associates relates to Keppel REIT's one-third interests in (i) ORQPL's net profit after tax, (ii) BFCDLLP's net profit after tax for the period from 1 January 2012 till 14 June 2012, and (iii) BFCDLLP's partnership profits for the period from 15 June 2012 till 30 September 2012.*

- (5) *Share of results of joint ventures relates to Keppel REIT's 50% interest in Mirvac 8 Chifley Trust's net profit after tax which is represented by the proportionate share of gross revenue less property expenses, interest expenses, and income tax.*

- (6) *Please refer to paragraph 1(b)(i), note 4.*

- (7) *Borrowing costs comprise the following:*

	<u>Group</u>		YTD	YTD
	3Q2012	3Q2011	Sep 2012	Sep 2011
	\$'000	\$'000	\$'000	\$'000
Interest expense on term loans	10,333	6,116	29,429	17,678
Interest expense on revolving loans	1,463	865	4,013	2,687
Amortisation of capitalised transaction costs	321	192	936	574
	12,117	7,173	34,378	20,939

- (8) *The Manager has elected to receive 100% of its management fees earned in respect of the approximate 87.5% interest in OPLLP and 50% of its management fee earned for the approximate 12.4% interest in OPLLP and the rest of the properties in units of Keppel REIT for 2012 and 2011.*

- (9) *This represents the change in fair value of foreign currency forward contracts which were entered into to hedge the Group's foreign currency exposure in the net income from its Australian properties.*

(10) Income tax expense comprises (i) tax of 17% (2011: 17%) on the rental support top-up payments received by Keppel REIT for its interests in ORQPL, BFCDLLP and OPLLP, net of deductible interest expense, and (ii) withholding tax expense in relation to the income from the Group's investments in 275 George Street, Brisbane, the office tower at 77 King Street and 8 Chifley Square, both in Sydney.

(11) Included in the net tax adjustments are the following:

	<u>Group</u>			
	3Q2012	3Q2011	YTD Sep 2012	YTD Sep 2011
	\$'000	\$'000	\$'000	\$'000
Management fees payable in units	6,753	2,881	19,640	8,374
Trustee's fees	241	138	693	401
Amortisation of intangible asset and capitalised transaction costs	17,285	7,998	49,140	23,261
Temporary differences and other tax adjustments	(3,405)	(743)	(5,926)	(2,639)
	<u>20,874</u>	<u>10,274</u>	<u>63,547</u>	<u>29,397</u>

Included in temporary differences and other tax adjustments are share of results of associates, dividend income, changes in fair value of derivative financial instruments, effect of recognising rental income on a straight line basis over the lease terms, non-taxable income and non-deductible expenses.

(12) Keppel REIT has been committed to distributing 100% of its income available for distribution to Unitholders. The distributable income to Unitholders is based on 100% of the income available for distribution to Unitholders.

(13) DPU for 3Q2011 and YTD September 2011 has been restated to take into account the effect of the fully underwritten, renounceable 17-for-20 rights issue of 1,159,694,000 units at an issue price of \$0.85 per rights unit and computed based on the issued units at end of the period aggregated with 1,159,694,000 units which were issued on 13 December 2011.

1(a)(ii) Statement of comprehensive income together with a comparative statement for the corresponding period of the immediately preceding financial year

Statement of Comprehensive Income

	<u>Group</u>					
	3Q2012	3Q2011	+(-) %	YTD Sep 2012	YTD Sep 2011	+(-) %
	\$'000	\$'000		\$'000	\$'000	%
Total return after tax	30,826	16,418	87.8	89,712	47,839	87.5
Other comprehensive income:						
Foreign currency translation	2,363	(12,041)	Nm	(9,796)	925	Nm
<u>Cashflow hedges:</u>						
Net change in fair value of cash flow hedges	6,829	(19,169)	Nm	(8,871)	(30,417)	(70.8)
Share of net change in fair value of cash flow hedges of an associate	375	(3,710)	Nm	(1,235)	(3,710)	(66.7)
Other comprehensive income for the period, net of tax	9,567	(34,920)	Nm	(19,902)	(33,202)	(40.1)
Total comprehensive income for the period	<u>40,393</u>	<u>(18,502)</u>	<u>Nm</u>	<u>69,810</u>	<u>14,637</u>	<u>376.9</u>

Nm – Not meaningful

1(b)(i) Balance sheets, together with a comparative statement of the end of the immediately preceding financial year

Balance Sheets

	Note	Group			+ / (-)	Trust		+ / (-)
		30/09/2012	31/12/2011 (restated)	31/12/2010 (restated)		30/09/2012	31/12/2011	
		\$'000	\$'000	\$'000	%	\$'000	\$'000	%
Non-current assets								
Investment properties	1	3,467,544	3,472,069	1,025,634	(0.1)	884,195	881,870	0.3
Investment in subsidiaries		-	-	-	-	1,839,501	1,611,166	14.2
Investment in associates	2	2,087,396	2,092,711	1,978,276	(0.3)	1,979,813	1,979,813	-
Investment in joint ventures	3	114,914	37,011	-	210.5	-	-	-
Amount owing by subsidiary		-	-	-	-	502,394	430,314	16.8
Other non-current receivables		10,141	6,734	-	50.6	462	-	Nm
Fixed assets		41	53	-	(22.6)	-	-	-
Intangible asset	4	109,158	137,945	37,242	(20.9)	6,645	10,893	(39.0)
Derivative financial instruments	5	-	5,264	-	Nm	-	5,264	Nm
Total non-current assets		5,789,194	5,751,787	3,041,152	0.7	5,213,010	4,919,320	6.0
Current assets								
Trade and other receivables	6	42,440	30,582	21,144	38.8	59,699	21,069	183.3
Prepaid expenses		1,295	723	998	79.1	693	544	27.4
Cash and cash equivalents		104,606	85,741	49,860	22.0	49,048	59,386	(17.4)
Derivative financial instruments	5	7,154	4,835	-	48.0	7,154	4,835	48.0
Total current assets		155,495	121,881	72,002	27.6	116,594	85,834	35.8
Total assets		5,944,689	5,873,668	3,113,154	1.2	5,329,604	5,005,154	6.5
Current liabilities								
Trade and other payables		134,733	141,355	44,000	(4.7)	53,400	45,645	17.0
Income received in advance		2,330	2,352	5,225	(0.9)	272	105	159.0
Short term borrowings	7	580,149	510,127	-	13.7	-	-	-
Current portion of security deposits		3,489	1,213	2,400	187.6	3,489	1,213	187.6
Derivative financial instruments	5	381	267	452	42.7	381	267	42.7
Provision for taxation		12,780	5,402	3,261	136.6	12,168	5,056	140.7
Total current liabilities		733,862	660,716	55,338	11.1	69,710	52,286	33.3
Non-current liabilities								
Income received in advance		33,381	15,179	4,310	119.9	30,522	9,102	235.3
Long term borrowings	7	1,843,306	1,655,833	989,932	11.3	1,997,915	1,755,715	13.8
Derivative financial instruments	8	28,786	22,974	4,606	25.3	28,786	22,974	25.3
Non-current portion of security deposits		28,499	26,720	6,186	6.7	7,111	8,118	(12.4)
Total non-current liabilities		1,933,972	1,720,706	1,005,034	12.4	2,064,334	1,795,909	14.9
Total liabilities		2,667,834	2,381,422	1,060,372	12.0	2,134,044	1,848,195	15.5
Net assets		3,276,855	3,492,246	2,052,782	(6.2)	3,195,560	3,156,959	1.2
Represented by:								
Unitholders' funds		3,275,128	3,279,413	2,052,782	(0.1)	3,195,560	3,156,959	1.2
Non-controlling interest		1,727	212,833	-	(99.2)	-	-	-
		3,276,855	3,492,246	2,052,782	(6.2)	3,195,560	3,156,959	1.2
Net asset value per unit (\$)		1.25	1.29	1.51		1.22	1.24	
Gross borrowings / Value of deposited properties (%)	9	44.1	41.6	37.0				

Notes:

Nm – Not meaningful

- (1) *The decrease in investment properties is due mainly to translation exchange differences arising from the Australian properties partly offset by capital expenditure for Prudential Tower.*
- (2) *This relates to the one-third equity interests in ORQPL and BFCDLLP, the advances to these associates and the Group's share of post-acquisition results of these associates.*
- (3) *This relates to the 50% interest in Mirvac 8 Chifley Trust ("M8CT") and Mirvac 8 Chifley Pty Limited, which were acquired on 28 July 2011, advances to M8CT and convertible notes held which were issued by M8CT. M8CT owns 8 Chifley Square, Sydney, a property currently under development.*
- (4) *This relates to the unamortised aggregate rental support top-up payments receivable by the Group for its one-third interest in BFCDLLP, 100% interest in the office tower at 77 King Street, Sydney, the additional 19.4% interest in Prudential Tower, and the approximate 99.9% interest in OPLLP. The intangible asset will be amortised over the remaining rental support periods for the respective properties.*
- (5) *This relates to the fair value of the foreign currency forward contracts entered into in relation to the net income from the Australian properties and investment in 8 Chifley Square.*
- (6) *Included in the balances are receivables for rental support top-up payments and dividend income of \$36.3 million as at 30 September 2012 (31 December 2011: \$17.3 million).*
- (7) *This relates mainly to bank borrowings taken up to finance the acquisition of one-third equity interest in associate, BFCDLLP, the additional 19.4% interest in Prudential Tower, the 50% interest in 8 Chifley Square and the acquisition of the approximate 99.9% interest in OPLLP. The balance also includes the bank borrowings recorded in OPLLP.*
- (8) *This relates to the fair value of the interest rate swaps entered into by the Trust.*
- (9) *This is based on the total amount of gross borrowings and valuation of deposited properties (held directly and indirectly) of \$6.35 billion as at 30 September 2012 (31 December 2011: \$6.00 billion).*

1(b)(ii) Aggregate Amount of Borrowings and Debt Securities

	Group	
	As at 30/09/12	As at 31/12/11
	\$'000	\$'000
Secured borrowings		
Amount repayable within one year	425,168	410,222
Amount repayable after one year	425,000	425,000
Less: Unamortised portion of fees	(1,757)	(2,185)
	848,411	833,037
Unsecured borrowings		
Amount repayable within one year	155,000	100,000
Amount repayable after one year	1,422,147	1,235,434
Less: Unamortised portion of fees	(2,103)	(2,511)
	1,575,044	1,332,923
Total borrowings	2,423,455	2,165,960

Details of Collaterals

As a security for the 5-year term loan facilities of \$425 million, the Group mortgaged its Bugis Junction Towers and a 73.4% interest in Prudential Tower. In addition, Keppel REIT granted in favour of the lender the following:

- (i) an assignment of the rights, title and interest of the Trust and the insurances effected over Bugis Junction Towers;
- (ii) an assignment of all the rights, benefits, title and interest of the Trust in and to the property sale agreement and tenancy agreements relating to Bugis Junction Towers; and
- (iii) a debenture creating fixed and floating charges over all assets of the Trust relating to Bugis Junction Towers.

As a security for the 4-year term loan facility of \$760 million, the Group mortgaged its Ocean Financial Centre and granted in favour of the lender the following:

- (i) an assignment of construction contracts and construction guarantees, shareholders undertaking, subordination deed, trust deed; and
- (ii) an assignment of rental and insurance proceeds derived from the property.

As at 30 September 2012, the Group had utilised approximately \$2,427.3 million and had an unutilised \$359.7 million of facilities available to meet its future obligations. The weighted average interest rate for all borrowings for 3Q2012 stood at 2.00% per annum.

1(c) Consolidated Statement of Cash Flows

	Note	<u>Group</u>			
		3Q2012	3Q2011	YTD Sep 2012	YTD Sep 2011
		\$'000	\$'000	\$'000	\$'000
Operating activities					
Total return before tax		34,472	17,678	101,094	51,371
Adjustments for:					
Interest income		(7,468)	(5,885)	(21,365)	(17,086)
Amortisation expense		16,964	7,806	48,204	22,687
Share of results of associates		(12,709)	(10,929)	(34,801)	(25,415)
Share of results of joint ventures		(4)	-	(2)	-
Borrowing costs		12,117	7,173	34,378	20,939
Management fees payable in units		6,753	2,881	19,640	8,374
Depreciation		4	-	12	-
Rental support income		(22,785)	(7,923)	(69,029)	(28,423)
Translation differences		327	397	541	342
Operating cash flows before changes in working capital		27,671	11,198	78,672	32,789
(Increase)/Decrease in receivables		(1,488)	(1,148)	3,760	2,967
(Decrease)/Increase in payables		(4,978)	103	(20,891)	(2,423)
Increase in security deposits		1,278	106	4,055	1,085
Cash flows from operations		22,483	10,259	65,596	34,418
Income taxes paid		(1,794)	(2,123)	(4,415)	(3,853)
Net cash flows generated from operating activities		20,689	8,136	61,181	30,565
Investing activities					
Purchase of investment property		-	-	-	(119,195)
Increase in intangible assets		-	-	-	(7,351)
Improvement in investment properties		(410)	(93)	(3,309)	(1,074)
Interest received		6,919	5,535	20,565	16,731
Rental support received		19,495	12,522	64,132	41,000
Investment in a joint venture		(19,875)	(37,285)	(79,888)	(37,285)
Dividend income received from associates		12,197	8,292	24,839	17,263
Net cash flows generated from/(used in) investing activities		18,326	(11,029)	26,339	(89,911)
Financing activities					
Distribution to Unitholders	1	(98,295)	(50,572)	(160,711)	(96,451)
Loans drawdown		26,310	35,255	256,659	160,955
Upfront debt arrangement costs		-	-	(100)	-
Acquisition of non-controlling interest		(3,154)	-	(132,940)	-
Partnership distribution to non-controlling interest		(1,685)	-	(3,153)	-
Interest paid		(6,011)	(1,399)	(27,999)	(14,857)
Net cash flows (used in)/generated from financing activities		(82,835)	(16,716)	(68,244)	49,647
Net (decrease)/increase in cash and cash equivalents		(43,820)	(19,609)	19,276	(9,699)
Cash and cash equivalents at the beginning of period		148,539	59,770	85,741	49,860
Effect of exchange rate changes on cash and cash equivalents		(113)	-	(411)	-
Cash and cash equivalents at the end of period		104,606	40,161	104,606	40,161

Notes:

- (1) Distribution for 3Q2012 is for the period 1 January 2012 to 30 June 2012, paid on 27 August 2012.
Distribution for 3Q2011 is for the period 1 January 2011 to 30 June 2011, paid on 26 August 2011.
Distribution for YTD September 2012 is for the period 1 July 2011 to 31 December 2011, paid on 24 February 2012; 1 January 2012 to 30 June 2012, paid on 27 August 2012.
Distribution for YTD September 2011 is for the period 1 July 2010 to 31 December 2010, paid on 25 February 2011; 1 January 2011 to 30 June 2011, paid on 26 August 2011.

1(c)(i) Statements of Movements in Unitholders' Funds

	Units in Issue \$'000	Accumulated Profits \$'000	Foreign Currency Translation Reserve \$'000	Hedging Reserve \$'000	Discount on Acquisition of Non-Controlling Interest \$'000	Non- Controlling Interest \$'000	Total \$'000
Group							
At 1 January 2012	2,682,996	583,025	11,356	(14,745)	-	212,833	3,475,465
Change in accounting policy	-	16,781	-	-	-	-	16,781
As restated	2,682,996	599,806	11,356	(14,745)	-	212,833	3,492,246
Return for the period	-	55,682	-	-	-	3,204	58,886
Other comprehensive income, net of tax	-	-	(12,159)	(17,310)	-	-	(29,469)
Total comprehensive income	-	55,682	(12,159)	(17,310)	-	3,204	29,417
Issue of units for payment of management fees	10,300	-	-	-	-	-	10,300
Issue of placement units	70,200	-	-	-	-	-	70,200
Issue expenses adjustment	644	-	-	-	-	-	644
Distribution to Unitholders	(1,783)	(60,633)	-	-	-	-	(62,416)
Non-controlling interests' share of partnership profits	-	-	-	-	-	(1,468)	(1,468)
Acquisition of non-controlling interest	-	-	-	-	2,253	(211,172)	(208,919)
At 30 June 2012	2,762,357	594,855	(803)	(32,055)	2,253	3,397	3,330,004
Return for the period	-	30,811	-	-	-	15	30,826
Other comprehensive income, net of tax	-	-	2,363	7,204	-	-	9,567
Total comprehensive income	-	30,811	2,363	7,204	-	15	40,393
Issue of units for payment of management fees	6,438	-	-	-	-	-	6,438
Non-controlling interests' share of partnership profits	-	-	-	-	-	(1,685)	(1,685)
Distribution to Unitholders	(3,071)	(95,224)	-	-	-	-	(98,295)
At 30 September 2012	2,765,724	530,442	1,560	(24,851)	2,253	1,727	3,276,855
At 1 January 2011	1,672,063	389,404	(1,310)	(4,606)	-	-	2,055,551
Change in accounting policy	-	(2,769)	-	-	-	-	(2,769)
As restated	1,672,063	386,635	(1,310)	(4,606)	-	-	2,052,782
Return for the period	-	31,421	-	-	-	-	31,421
Other comprehensive income, net of tax	-	-	12,966	(11,248)	-	-	1,718
Total comprehensive income	-	31,421	12,966	(11,248)	-	-	33,139
Issue of units for payment of management fees	4,772	-	-	-	-	-	4,772
Distribution to Unitholders	-	(45,879)	-	-	-	-	(45,879)
At 30 June 2011	1,676,835	372,177	11,656	(15,854)	-	-	2,044,814
Return for the period	-	16,418	-	-	-	-	16,418
Other comprehensive income, net of tax	-	-	(12,041)	(22,879)	-	-	(34,920)
Total comprehensive income	-	16,418	(12,041)	(22,879)	-	-	(18,502)
Issue of units for payment of management fees	2,812	-	-	-	-	-	2,812
Distribution to Unitholders	-	(50,572)	-	-	-	-	(50,572)
At 30 September 2011	1,679,647	338,023	(385)	(38,733)	-	-	1,978,552

1(d)(i) Statements of Movements in Unitholders' Funds (cont'd)

Notes:

- (1) Please refer to paragraph 5: Changes in Accounting Policies, on page 14.
- (2) Other comprehensive income relates to the movement in foreign exchange translation reserve arising from the translation of foreign entities, intercompany loans that form part of the Group's net investment in foreign entities, fair value change of the cash flow hedges as a result of interest rate swaps and foreign currency forward contracts entered into by the Trust and share of fair value change of hedging reserves of an associate.
- (3) This represents 4,721,998 and 6,873,459 units issued in 1Q2012 and 2Q2012 respectively as satisfaction of management fees payable in units.
- (4) This relates to gross proceeds raised from the placement of 60,000,000 units at an issue price of \$1.17 per unit.
- (5) This relates to issue expense adjustments in relation to previous years' rights issue.
- (6) This represents 6,245,890 units issued in 3Q2012 as satisfaction of management fees payable in units.
- (7) This represents 1,473,527 and 2,084,872 units issued in 1Q2011 and 2Q2011 respectively as satisfaction of management fees payable in units.
- (8) This represents 2,152,506 units issued in 3Q2011 as satisfaction of management fees payable in units.

<u>Trust</u>	<u>Note</u>	<u>Units in Issue</u> \$'000	<u>Accumulated Profits</u> \$'000	<u>Hedging Reserve</u> \$'000	<u>Total</u> \$'000
At 1 January 2012		2,682,996	487,105	(13,142)	3,156,959
Return for the period		-	72,827	-	72,827
Other comprehensive income, net of tax	1	-	-	(15,700)	(15,700)
Total comprehensive income		-	72,827	(15,700)	57,127
Issue of units for payment of management fees	2	10,300	-	-	10,300
Issue of placement units	3	70,200	-	-	70,200
Issue expenses adjustments	4	644	-	-	644
Distribution to Unitholders		(1,783)	(60,633)	-	(62,416)
At 30 June 2012		2,762,357	499,299	(28,842)	3,232,814
Return for the period		-	47,774	-	47,774
Other comprehensive income, net of tax	1	-	-	6,829	6,829
Total comprehensive income		-	47,774	6,829	54,603
Issue of units for payment of management fees	5	6,438	-	-	6,438
Distribution to Unitholders		(3,071)	(95,224)	-	(98,295)
At 30 September 2012		2,765,724	451,849	(22,013)	3,195,560
At 1 January 2011		1,672,063	400,406	(4,606)	2,067,863
Return for the period		-	29,394	-	29,394
Other comprehensive income, net of tax	1	-	-	(11,248)	(11,248)
Total comprehensive income		-	29,394	(11,248)	18,146
Issue of units for payment of management fees	6	4,772	-	-	4,772
Distribution to Unitholders		-	(45,879)	-	(45,879)
At 30 June 2011		1,676,835	383,921	(15,854)	2,044,902
Return for the period		-	(7,669)	-	(7,669)
Other comprehensive income, net of tax	1	-	-	(19,169)	(19,169)
Total comprehensive income		-	(7,669)	(19,169)	(26,838)
Issue of units for payment of management fees	7	2,812	-	-	2,812
Distribution to Unitholders		-	(50,572)	-	(50,572)
At 30 September 2011		1,679,647	325,680	(35,023)	1,970,304

1(d)(i) Statements of Movements in Unitholders' Funds (cont'd)

Notes:

- (1) This relates to fair value change of the cash flow hedges as a result of interest rate swaps and foreign currency forward contracts entered into by the Trust.
- (2) This represents 4,721,998 and 6,873,459 units issued in 1Q2012 and 2Q2012 respectively as satisfaction of management fees payable in units.
- (3) This relates to gross proceeds raised from the placement of 60,000,000 units at an issue price of \$1.17 per unit.
- (4) This relates to issue expense adjustments in relation to previous years' rights issue.
- (5) This represents 6,245,890 units issued in 3Q2012 as satisfaction of management fees payable in units.
- (6) This represents 1,473,527 and 2,084,872 units issued in 1Q2011 and 2Q2011 respectively as satisfaction of management fees payable in units.
- (7) This represents 2,152,506 units issued in 3Q2011 as satisfaction of management fees payable in units.

1(d)(ii) Details of Changes in the Units

	Group and Trust	
	2012	2011
	Units	Units
Issued units as at 1 January	2,547,574,969	1,355,904,217
Issue of new units:		
- Payment of management fees	11,595,457	3,558,399
- Placement units	60,000,000	-
Issued units as at 30 June	2,619,170,426	1,359,462,616
Issue of new units:		
- Payment of management fees	6,245,890	2,152,506
Issued units as at 30 September	2,625,416,316	1,361,615,122

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period, and as at the end of the immediately preceding year.

Keppel REIT did not hold any treasury units as at 30 September 2012 and 31 December 2011.

Total number of issued units in Keppel REIT as at 30 September 2012 and 31 December 2011 were 2,625,416,316 and 2,547,574,969 respectively.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. AUDIT

The figures have not been audited or reviewed by the auditors.

3. AUDITORS' REPORT

Not applicable.

4. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on 1 January 2012.

Except as disclosed in paragraph 5 below, the adoption of these standards and interpretations did not have any effect on the financial performance or positions of the Group and the Trust.

5. CHANGES IN ACCOUNTING POLICIES

The Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets are effective for annual periods beginning on or after 1 January 2012. On 1 January 2012, the Group adopted the Amendments to FRS 12.

The Amendments to FRS 12 apply to the measurement of deferred tax liabilities and assets arising from investment properties measured using the fair value model under FRS 40 Investment Property, including investment property acquired in a business combination and subsequently measured using the fair value model. For purposes of measuring deferred tax, the Amendments to FRS 12 introduce a rebuttable presumption that the carrying amount of an investment property measured at fair value will be recovered entirely through sale. The presumption can be rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits over time, rather than through sale.

The change in accounting policy has been applied retrospectively. The effects of the adoption of the Amendments to FRS 12 are as follows:

	30/09/2012	<u>Group</u> 31/12/2011 (restated)	31/12/2010 (restated)
	\$'000	\$'000	\$'000
Increase/ (Decrease) in:			
<u>Consolidated Balance Sheets</u>			
Investment in associates	-	16,781	(2,769)
Retained earnings	-	16,781	(2,769)
		FY 2012	FY 2011 (restated)
		\$'000	\$'000
<u>Statement of Total Return</u>			
Net change in fair value of investment properties	-	19,550	
Total return for the year	-	19,550	
Basic and diluted earnings per Unit (cents) based on total return for the year	-	1.38	

6. CONSOLIDATED EARNINGS PER UNIT (“EPU”) AND DISTRIBUTION PER UNIT (“DPU”)

	3Q2012	Group		YTD Sep 2012	YTD Sep 2011 (restated)
		3Q2011 (restated)			
EPU (based on weighted average number of units as at the end of the period)	1.17 cents	1.11 cents ¹		3.36 cents	3.24 cents ¹
- Weighted average number of units as at the end of the period	2,623,447,503	1,480,241,618 ¹		2,577,680,419	1,478,023,185 ¹
DPU (adjusted for rights issue) (based on the number of units as at the end of the period including rights units)	1.96 cents	1.06 cents ²		5.80 cents	3.06 cents ²
- Number of units in issue as at the end of the period	2,625,416,316	2,521,309,122 ²		2,625,416,316	2,521,309,122 ²

The diluted EPU is the same as the basic EPU as there are no dilutive instruments in issue during the period.

Notes:

- (1) The comparative figures for earnings per unit and weighted average number of units in issue have been adjusted to account for the effect of the fully underwritten, renounceable 17-for-20 rights issue of 1,159,694,000 units which were issued on 13 December 2011.
- (2) Restated to take into account the effect of the fully underwritten, renounceable 17-for-20 rights issue of 1,159,694,000 units at an issue price of \$0.85 per rights unit and computed based on the issued units at end of the period aggregated with 1,159,694,000 units which were issued on 13 December 2011.

7. NET ASSET VALUE (“NAV”)

	Group		Trust	
	As at 30/09/12	As at 31/12/11 (restated)	As at 30/09/12	As at 31/12/11
NAV ¹ per unit (\$) based on issued units at the end of the period	1.25	1.29	1.22	1.24
Adjusted NAV ¹ per unit (\$) based on issued units at the end of the period (excluding the distributable income)	1.23	1.26	1.20	1.21

Notes:

- (1) Excludes non-controlling interest's share of net asset value.

8. REVIEW OF PERFORMANCE

8(i) Property Income Contribution of the Properties

	<u>Group</u>					
	3Q2012	3Q2011	+ / (-)	YTD	YTD	+ / (-)
	\$'000	\$'000	%	Sep 2012	Sep 2011	%
				\$'000	\$'000	
Property						
Prudential Tower ¹	5,272	4,830	9.2	15,824	14,440	9.6
Bugis Junction Towers	5,145	5,085	1.2	15,278	15,720	(2.8)
Ocean Financial Centre ²	20,796	-	Nm	57,788	-	Nm
275 George Street	5,841	5,709	2.3	17,796	16,647	6.9
77 King Street	3,146	2,990	5.2	9,387	8,541	9.9
Total property income	40,200	18,614	116.0	116,073	55,348	109.7

8(ii) Income Contribution of the Properties

	<u>Group</u>					
	3Q2012	3Q2011	+ / (-)	YTD	YTD	+ / (-)
	\$'000	\$'000	%	Sep 2012	Sep 2011	%
				\$'000	\$'000	
Property						
Prudential Tower ¹	4,088	3,429	19.2	12,752	11,044	15.5
Bugis Junction Towers	4,078	4,122	(1.1)	12,544	12,739	(1.5)
Ocean Financial Centre ²	16,672	-	Nm	44,685	-	Nm
275 George Street	4,750	4,720	0.6	14,509	14,048	3.3
77 King Street	2,495	2,386	4.6	7,371	6,068	21.5
Total net property income	32,083	14,657	118.9	91,861	43,899	109.3
One-third interest in ORQPL:						
- Rental support	3,259	4,636	(29.7)	9,267	13,727	(32.5)
- Interest income	381	361	5.5	1,156	1,087	6.3
- Dividend income	6,282	3,988	57.5	19,240	12,427	54.8
Total income from one-third interest in ORQPL	9,922	8,985	10.4	29,663	27,241	8.9
One-third interest in BFCDLLP:						
- Rental support	1,982	1,103	79.7	4,707	9,793	(51.9)
- Interest income	5,191	4,922	5.5	15,706	14,791	6.2
- Dividend income ³	7,760	6,941	11.8	19,641	12,945	51.7
Total income from one-third interest in BFCDLLP	14,933	12,966	15.2	40,054	37,529	6.7
Ocean Financial Centre ²						
- Rental support	16,476	-	Nm	51,879	-	Nm
8 Chifley Square ⁴						
- Interest income	1,622	376	331.4	3,698	376	>500
Total income contribution	75,036	36,984	102.9	217,155	109,045	99.1

Notes:

Nm – Not meaningful

- (1) This includes the additional 19.4% interest of Prudential Tower acquired on 3 May 2011.
- (2) The acquisitions of the approximate 87.5% and 12.4% interests in OPLLP which owns Ocean Financial Centre were completed on 14 December 2011 and 25 June 2012 respectively.
- (3) This comprises dividend income from BFCDDL prior to its conversion to a limited liability partnership on 15 June 2012 and the distributions from BFCDLLP subsequent to its conversion.
- (4) The acquisition of the 50% interest in 8 Chifley Square was legally completed on 28 July 2011. The property is currently under development and is scheduled for completion in 3Q2013.

Review of Performance for 3Q2012 vs 3Q2011

The Group's 3Q2012 results included contributions from the 50% interest in 8 Chifley Square and the approximate 87.5% and 12.4% interests in Ocean Financial Centre ("OFC") which were acquired on 28 July 2011, 14 December 2011 and 25 June 2012 respectively.

Property income for 3Q2012 was \$40.2 million, an approximately 116.0% increase compared to the property income of \$18.6 million in 3Q2011. The increase was due mainly to property income from OFC of \$20.8 million and higher property income from Prudential Tower, Bugis Junction Towers, 275 George Street and 77 King Street.

Net property income increased by 118.9% from \$14.7 million in 3Q2011 to \$32.1 million in 3Q2012 due mainly to the acquisition of OFC in December 2011.

The Group's total return before tax for 3Q2012 was \$34.5 million, a significant increase of 95.0% over 3Q2011 as a result of higher net property income, higher contributions from the associates, higher interest income and rental support, partly offset by higher amortisation expense, borrowing costs and management fees resulting from the increased assets under management.

Distribution to Unitholders increased by 93.6% from \$26.7 million in 3Q2011 to \$51.7 million in 3Q2012.

The weighted average interest rate was 2.00% per annum in 3Q2012 compared with 2.48% per annum in 3Q2011. The aggregate leverage stood at 44.1% as at 30 September 2012. The weighted average term to expiry of debt was 2.3 years as at 30 September 2012.

The portfolio attained 98.2% committed occupancy as at 30 September 2012.

Review of Performance for 3Q2012 vs 2Q2012

Property income for 3Q2012 was \$40.2 million, an increase of \$0.9 million or 2.3% from \$39.3 million in 2Q2012. This was contributed mainly by higher property income from OFC.

Net property income increased from \$31.3 million in 2Q2012 to \$32.1 million in 3Q2012, attributed mainly to higher property income.

Distribution to Unitholders in 3Q2012 was \$51.7 million, an increase of \$1.9 million over the \$49.8 million distribution in 2Q2012.

The weighted average interest rate for 3Q2012 remained at 2.00% per annum.

Review of Performance for YTD Sep 2012 vs YTD Sep 2011

Property income for YTD September 2012 was \$116.1 million, a significant increase of \$60.7 million or 109.7% over that for YTD September 2011. The increase was due mainly to property income from OFC of \$57.8 million and higher property income from Prudential Tower, 275 George Street and 77 King Street.

Net property income more than doubled to \$91.9 million in YTD September 2012 as compared to \$43.9 million in YTD September 2011, primarily as a result of the acquisition of OFC in December last year.

The Group's total return before tax for YTD September 2012 was \$101.1 million, a significant increase of 96.8% over YTD September 2011 as a result of higher net property income, higher contributions from the associates, higher interest income and rental support, partly offset by higher amortisation expense, borrowing costs and management fees expense resulting from the increased assets under management.

Distribution to Unitholders increased by 94.3% to \$150.0 million in YTD September 2012 from \$77.2 million in YTD September 2011.

YTD September 2012 DPU rose by 89.5% to 5.80 cents from 3.06 cents in YTD September 2011.

9. VARIANCE FROM FORECAST STATEMENT

Statement of Total Return (Actual vs Forecast)

	<u>Actual</u>	<u>Forecast</u> ¹		<u>Actual</u>	<u>Forecast</u> ¹	
	<u>3Q2012</u>	<u>3Q2012</u>	<u>+/(-) %</u>	<u>YTD</u>	<u>YTD</u>	<u>+/(-) %</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>	<u>Sep 2012</u>	<u>Sep 2012</u>	<u>%</u>
	<u>\$'000</u>	<u>\$'000</u>		<u>\$'000</u>	<u>\$'000</u>	
Gross rent	39,441	39,076	0.9	113,850	113,049	0.7
Car park income	347	278	24.8	1,019	830	22.8
Other income	412	300	37.3	1,204	898	34.1
Property income	40,200	39,654	1.4	116,073	114,777	1.1
Property tax	(2,930)	(3,033)	(3.4)	(8,415)	(8,722)	(3.5)
Other property expenses	(3,494)	(4,876)	(28.3)	(10,919)	(14,718)	(25.8)
Property management fee	(1,045)	(1,027)	1.8	(2,933)	(2,963)	(1.0)
Maintenance and sinking fund contributions	(648)	(678)	(4.4)	(1,945)	(2,034)	(4.4)
Property expenses	(8,117)	(9,614)	(15.6)	(24,212)	(28,437)	(14.9)
Net property income	32,083	30,040	6.8	91,861	86,340	6.4
Rental support	22,785	18,350	24.2	69,029	58,909	17.2
Interest income	7,468	6,801	9.8	21,365	20,257	5.5
Share of results of associates	12,709	11,203	13.4	34,801	32,428	7.3
Share of results of joint ventures	4	-	Nm	2	-	Nm
Amortisation expense	(16,964)	(15,453)	9.8	(48,204)	(46,688)	3.2
Borrowing costs	(12,117)	(13,085)	(7.4)	(34,378)	(38,631)	(11.0)
Manager's management fees	(10,122)	(9,453)	7.1	(29,166)	(28,061)	3.9
Trust expenses	(779)	(948)	(17.8)	(3,621)	(2,835)	27.7
Changes in fair value of derivative financial instruments	(595)	-	Nm	(595)	-	Nm
Total return before tax	34,472	27,455	25.6	101,094	81,719	23.7
Income tax expense	(3,646)	(3,173)	14.9	(11,382)	(10,041)	13.4
Total return after tax	30,826	24,282	27.0	89,712	71,678	25.2
Attributable to:						
Unitholders	30,811	22,673	35.9	86,493	67,196	28.7
Non-controlling interest	15	1,609	(99.1)	3,219	4,482	(28.2)
	30,826	24,282	27.0	89,712	71,678	25.2
Distribution Statement						
Total return for the period attributable to Unitholders	30,811	22,673	35.9	86,493	67,196	28.7
Net tax adjustments	20,874	23,286	(10.4)	63,547	70,341	(9.7)
Income available for distribution	51,685	45,959	12.5	150,040	137,537	9.1
Distribution to Unitholders	51,685	45,959	12.5	150,040	137,537	9.1
Distribution per unit (cents)						
For the period	1.96	1.79	9.5	5.80	5.38	7.8
Annualised	7.80	7.12	9.5	7.75	7.19	7.8

VARIANCE FROM FORECAST STATEMENT (CONT'D)

Notes:

Nm – Not meaningful

(1) *The Forecast for 3Q2012 and YTD September 2012 is derived from the Forecast shown in Keppel REIT's Circular dated 19 October 2011 for the acquisition of the approximate 87.5% interest in OFC.*

Review of Performance for 3Q2012 (Actual) vs 3Q2012 (Forecast)

The Group's net property income for 3Q2012 was \$32.1 million, which is an increase of \$2.1 million or 6.8% over the Forecast of \$30.0 million. This was due mainly to an increase in property income of \$0.5 million and lower property expenses incurred.

Total return before tax for 3Q2012 was \$34.5 million, an increase of \$7.0 million or 25.6% over the Forecast of \$27.5 million. This was due mainly to higher net property income, higher contributions from the associates, higher interest income, higher rental support and lower borrowing costs, partly offset by higher amortisation expense and management fees expense.

Distributable income to Unitholders of \$51.7 million exceeded the Forecast of \$46.0 million by 12.5%.

3Q2012 DPU of 1.96 cents exceeded the Forecast of 1.79 cents by 9.5%.

Review of Performance for YTD Sep 2012 (Actual) vs YTD Sep 2012 (Forecast)

Net property income for YTD September 2012 of \$91.9 million was an increase of \$5.6 million or 6.4% over the Forecast. The increase was due mainly to higher property income and lower property expenses incurred as compared with Forecast.

Total return before tax for YTD September 2012 increased by \$19.4 million or 23.7% to \$101.1 million, as compared with \$81.7 million for Forecast. This was due mainly to higher net property income, higher contributions from the associates, higher interest income, higher rental support and lower borrowing costs, partly offset by higher amortisation expense and management fees expense.

Distributable income to Unitholders increased by \$12.5 million or 9.1% to \$150.0 million as compared with Forecast of \$137.5 million.

The annualised DPU of 7.75 cents for YTD September 2012 surpassed the Forecast DPU of 7.19 cents as shown in Keppel REIT's Circular dated 19 October 2011 for the acquisition of the approximate 87.5% interest in OFC.

10. PROSPECTS

The Singapore economy remained resilient in 3Q2012 even though the GDP growth rate slowed slightly to 1.3% in 3Q2012 from 2.3% in the previous quarter. According to CB Richard Ellis, the Singapore office market outperformed market expectations as total net absorption YTD September 2012 amounted to 1.69 million sf, exceeding the historical 10-year average net absorption of 1.12 million sf per annum.

The overall office market continues to show signs of stabilising as occupancy in the CBD increased and the rate of rental decline eased in 3Q2012. The average Grade A rental in the core CBD dipped a marginal 3% Q-o-Q to \$9.80 psf pm in 3Q2012. The average occupancy in the core CBD increased from 91.6% in 2Q2012 to 93.2% in 3Q2012.

In contrast to the take-up that was dominated by the financial services sector in 2010/2011, lessees from the natural resource, legal services and multi-media sectors were largely responsible for the current take-up. Leasing demand in the core CBD mostly comprised smaller transactions that were under 30,000 sf.

Looking ahead, approximately 2.4 million sf of new supply is expected island-wide in 2013, of which 800,000 sf are located in the CBD. Despite the additional supply of office space coming on stream, rentals for well-located quality space in the core CBD and Marina Bay precincts continue to command a premium over CBD-fringe areas.

The Australia economy continues to be supported by an accommodative monetary policy. To mitigate any softening of the mining and resources sectors, the Reserve Bank of Australia has reduced the official interest rate by 25 basis points to 3.25% in October. The lower rate is expected to boost private sector growth and domestic consumption.

In Sydney, prime gross face rents for its CBD office market held firm in 3Q2012. Over in Brisbane, strong real output growth forecast coupled with short-term supply tightness has led to stabilised occupancy and rental rates.

The Manager remains confident of maintaining the performance of its properties. Keppel REIT's assets are nearly fully committed with leases with long tenures. Approximately 45% of the portfolio net lettable area is committed to leases which are five years and longer. The long weighted average lease expiry of the top ten tenants and portfolio at 7.2 years and 6.1 years respectively also reinforce income stability.

Going forward, the Manager will strive to maintain strong occupancy for its portfolio of properties by attracting new tenants, retaining existing tenants and managing the lease profile. It will actively seek to refinance maturing loans at competitive terms and extend the debt maturity profile. It will also maintain prudent interest rate and foreign exchange hedging policies so as to manage financial risks. The Manager will selectively pursue opportunities for strategic acquisitions so as to deliver long-term growth to Unitholders.

11. RISK FACTORS AND RISK MANAGEMENT

The Manager ascribes great importance to risk management and constantly takes initiatives to systematically review the risks it faces and mitigates them. Some of the key risks that the Manager has identified are as follows:

Interest rate risk

The Manager constantly monitors its exposure to changes in interest rates for its interest-bearing financial liabilities. Interest rate risk is managed on an on-going basis with the primary objective of limiting the extent to which net interest expense can be affected by adverse movements in interest rates through financial instruments or other suitable financial products.

Liquidity risk

The Manager monitors and maintains Keppel REIT's cash flow position and working capital to ensure that there are adequate liquid reserves in terms of cash and credit facilities to meet short-term obligations. Steps have been taken to plan for funding and expenses requirements so as to manage the cash position at any point of time.

Credit risk

Credit risk assessments of tenants are carried out by way of evaluation of information from corporate searches conducted prior to the signing of lease agreements. Tenants are required to pay a security deposit as a multiple of monthly rents and maintain sufficient deposits in their accounts. In addition, the Manager also monitors the property portfolio's tenant trade sector mix to assess and manage exposure to any one potentially volatile trade sector.

Currency risk

The Group's foreign currency risk relates mainly to its exposure to its investments in Australia, and the distributable income from and progressive payments related to such Australian investments. The Manager monitors the Group's foreign currency exposure on an on-going basis and will manage its exposure to adverse movements in foreign currency exchange rates through financial instruments or other suitable financial products.

Operational risk

Measures have been put in place to promote sustainability of net property income. Some of these measures include steps taken to negotiate for favourable terms/covenants, manage expenses, actively monitor rental payments from tenants, continuously evaluate the Group's counter-parties and maximise property value. In addition, the Manager also continuously reviews disaster and pandemic business continuity plans and modifies them, when necessary.

12. DISTRIBUTIONS

(a) Current Financial Period Reported on

Name of Distribution	Distribution for 1 July 2012 to 30 September 2012
Distribution Type	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
Distribution rate	(a) Taxable income distribution - 0.90 cents per unit (b) Tax-exempt income distribution - 1.03 cents per unit (c) Capital distribution - 0.03 cents per unit
Tax rate	<p><u>Taxable income distribution</u> Individuals who receive such distribution as investment income will be exempted from tax.</p> <p>Qualifying Unitholders will receive pre-tax distributions and pay tax on the distributions at their own marginal rates subsequently.</p> <p>Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax-exempt.</p> <p>Subject to meeting certain conditions, foreign non-individual unitholders will receive their distributions after deduction of tax at the rate of 10%.</p> <p>All other investors will receive their distributions after deduction of tax at the rate of 17%.</p> <p><u>Tax-exempt income distribution</u> Tax-exempt income distribution is exempt from tax in the hands of all Unitholders. Tax-exempt income relates to net taxed income and one-tier dividend income received by Keppel REIT.</p> <p><u>Capital distribution</u> Capital distribution represents a return of capital to Unitholders for Singapore income tax purposes and is therefore not subject to income tax. For Unitholders who are liable to Singapore income tax on profits from sale of Keppel REIT units, the amount of capital distribution will be applied to reduce the cost base of their Keppel REIT units for Singapore income tax purposes.</p>

12. DISTRIBUTIONS (CONT'D)

(b) Corresponding Period of the Immediately Preceding Financial Year

Not applicable.

(c) Date Payable

27 November 2012

(d) Books Closure Date

23 October 2012

13. DISTRIBUTION STATEMENT

Other than as disclosed in paragraph 12(a), no distribution has been declared/ recommended.

14. INTERESTED PERSON TRANSACTIONS

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions of less than \$100,000)	
	3Q2012 \$'000	3Q2011 \$'000
<u>Keppel Corporation Limited and its subsidiaries or associates</u>		
- Manager's management fees	10,122	5,761
- Acquisition fee	-	2,055
- Property management fees and reimbursable	1,519	385
- Leasing commissions	124	144
- Rental and service charge income ¹	-	32,436
- Rental support	20,056	5,739
- Transportation expenses ¹	168	-
<u>RBC Investor Services Trust Singapore Limited</u>		
- Trustee's fees	241	138

No IPT mandate has been obtained by Keppel REIT for the financial period under review.

Notes:

(1) *The aggregate value of interested person transactions refers to the total contract sum entered into during the financial period.*

QUARTERLY BREAKDOWN

Property Income Contribution by Asset (\$'000)

	1Q11	2Q11	3Q11	4Q11	FY11	1Q12	2Q12	3Q12
Property								
Prudential Tower ¹	4,847	4,763	4,830	4,748	19,188	5,231	5,321	5,272
Bugis Junction Towers	5,358	5,277	5,085	5,606	21,326	5,038	5,095	5,145
Ocean Financial Centre ²	-	-	-	2,866	2,866	17,296	19,696	20,796
275 George Street	5,446	5,492	5,709	5,627	22,274	6,041	5,914	5,841
77 King Street	3,021	2,530	2,990	3,773	12,314	2,982	3,259	3,146
Total property income	18,672	18,062	18,614	22,620	77,968	36,588	39,285	40,200

Income Contribution by Asset (\$'000)

	1Q11	2Q11	3Q11	4Q11	FY11	1Q12	2Q12	3Q12
Property								
Prudential Tower ¹	3,827	3,788	3,429	3,709	14,753	4,412	4,252	4,088
Bugis Junction Towers	4,327	4,290	4,122	3,804	16,543	4,155	4,311	4,078
Ocean Financial Centre ²	-	-	-	2,046	2,046	12,644	15,369	16,672
275 George Street	4,612	4,716	4,720	4,752	18,800	5,064	4,695	4,750
77 King Street	2,173	1,509	2,386	3,444	9,512	2,234	2,642	2,495
Net property income	14,939	14,303	14,657	17,755	61,654	28,509	31,269	32,083
One-third interest in ORQPL:								
- Rental support	4,596	4,495	4,636	5,061	18,788	3,422	2,586	3,259
- Interest income	364	362	361	359	1,446	398	377	381
- Dividend income	4,084	4,355	3,988	3,304	15,731	6,052	6,906	6,282
Total income from one-third interest in ORQPL	9,044	9,212	8,985	8,724	35,965	9,872	9,869	9,922
One-third interest in BFCDLLP:								
- Rental support	4,385	4,305	1,103	1,730	11,523	1,487	1,238	1,982
- Interest income	4,940	4,929	4,922	4,883	19,674	5,392	5,123	5,191
- Dividend income ³	2,067	3,937	6,941	8,594	21,539	6,590	5,291	7,760
Total income from one-third interest in BFCDLLP	11,392	13,171	12,966	15,207	52,736	13,469	11,652	14,933
Ocean Financial Centre ²								
- Rental support	-	-	-	8,611	8,611	18,949	16,454	16,476
8 Chifley Square ⁴								
- Interest income	-	-	376	533	909	883	1,193	1,622
Total income contribution	35,375	36,686	36,984	50,830	159,875	71,682	70,437	75,036

Notes:

- (1) This includes the additional 19.4% interest of Prudential Tower acquired on 3 May 2011.
- (2) The acquisitions of the approximate 87.5% and 12.4% interests in OPLLP which owns OFC were completed on 14 December 2011 and 25 June 2012.
- (3) This comprises dividend income from BFCDDL prior to its conversion to a limited liability partnership on 15 June 2012 and the distributions from BFCDLLP subsequent to its conversion.
- (4) The acquisition of the 50% interest in 8 Chifley Square, Sydney was legally completed on 28 July 2011. The property is currently under development and is scheduled for completion in 3Q2013.

By Order of the Board
Keppel REIT Management Limited
 (Company Registration Number: 200411357K)
 As Manager of Keppel REIT

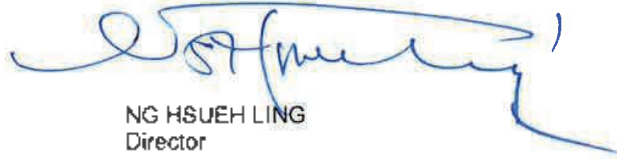
CHOO CHIN TECK / KELVIN CHUA HUA YEOW
 Joint Company Secretaries
 15 October 2012

CONFIRMATION BY THE BOARD

We, CHIN WEI-LI AUDREY MARIE and NG HSUEH LING, being two Directors of Keppel REIT Management Limited (the "Company"), as manager of Keppel REIT, do hereby confirm on behalf of the Directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the Third Quarter 2012 financial statements of Keppel REIT to be false or misleading in any material respect.

On Behalf of the Board

CHIN WEI-LI AUDREY MARIE
Chairman



NG HSUEH LING
Director

15 October 2012

