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# KEPPELITE

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060/01/2020

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Cover image: Keppel deepens its presence in Vietnam with the groundbreaking of Saigon Sports City, a 64-hectare site which will be developed by Keppel Land and Keppel Urban Solutions into a smart, integrated township in the prime District 2 of Ho Chi Minh City.

# Editor's Note

2020 marks the start of an exciting new decade. It is also a special milestone for Keppel, as we work towards our Vision 2020, which the Group had adopted in 2014.

In his New Year Message to Keppelites, CEO of Keppel Corporation Mr Loh Chin Hua outlined the company's progress over the past few years, how we are charting our Vision 2030, as well as Keppel's commitment to sustainability. We reproduce the CEO's new year message at pages 22 to 25.

Collaboration across business units enables Keppel as a whole to be much more than the sum of its parts. Saigon Sports City in Ho Chi Minh City (cover image) is the latest showcase of how Keppel's business units are collaborating to harness synergies and create value. Keppel Land and Keppel Urban Solutions are working on the master-planning and development of Saigon Sports City, whose groundbreaking ceremony was held on 8 November 2019 (pages 14 and 15).

As the Group rallies behind the common purpose to provide solutions for sustainable urbanisation, we hear from Keppelites on what sustainable urbanisation means to each of them

(pages 18 to 21). We also share business updates on how Keppel is providing solutions for cleaner environments (pages 28 and 29) as well as M1's transformation from a telco into a provider of connectivity solutions (pages 26 and 27).

In our regular feature to help Keppelites get to know our senior management better, we hear from Mr Chua Hsien Yang, CEO of Keppel DC REIT Management, on his professional journey, his views on the data centre industry, as well as his interests outside of work (pages 42 and 43).

Keppel continues to reach out to communities to uplift lives and make a positive impact. The past few months saw Keppel contributing to the greening of Labrador Park, launching a new collaboration with SPD in Singapore to help persons with disabilities improve their job prospects, as well as raising funds to support programmes for hearing-impaired children in China. We hope these stories will inspire more Keppelites to give their time and heart to worthy causes (pages 44 to 51).

Enjoy your read of Keppelite.

***Keppelite Editor***

# Resilient performance

Keppel's business units delivered creditable results against a challenging backdrop in 2019. Keppelite reproduces the speech delivered by Mr Loh Chin Hua, CEO of Keppel Corporation, at the Company's 4Q & FY 2019 results webcast and briefing to media and analysts.

2020 is an important milestone for Keppel. In 2014, the Group adopted a Vision 2020 to guide our long-term strategy and transformation. It includes comprehensive targets related to financial performance, people, processes and our broader stakeholders.

Over the past few years, we have made significant progress towards our vision. These include privatising our listed operating entities to facilitate better capital allocation, strengthening our existing businesses as we grow new engines, establishing Keppel Capital as a platform for capital recycling and to tap third party funds for growth, as well as growing from being mainly a Business-to-Business (B2B) company into the Business-to-Consumer (B2C) space.

We have also actively promoted collaboration among our business units and united the Group behind a common mission. Today, Keppel is an eco-system of companies providing solutions for sustainable urbanisation. We see sustainability as being core to our strategy, not just in terms of how we deal with environmental, social and governance (ESG) issues, but as a source of business opportunities, as we channel the Group's capabilities and resources to meet the needs of sustainable development.

## Financial Performance

Against a volatile and challenging 2019 characterised by slowing global growth, trade tensions and geopolitical risks, Keppel has performed creditably.

For FY 2019, we made a net profit of \$707 million, with improved performance by Keppel Offshore & Marine (O&M), Keppel Infrastructure and Keppel Capital. Net profit for the Group was lower year-on-year, as Keppel Land had benefitted from a few lumpy divestments and en-bloc sales in 2018, which contributed \$584 million to net profit.

Significantly, the Group's earnings in 4Q 2019 were up by 42% year-on-year, due to stronger performance by the O&M, Property and Investments divisions.

Return on Equity (ROE) was 6.3%, while our free cash outflow stood at \$653 million in 2019, compared to the cash inflow of \$515 million in 2018.

Net gearing was lower at 0.85x as at end-2019, compared to 0.88x as at end-September 2019, due mainly to cash inflows from operations and higher capital employed arising from profits for the quarter.

The Board of Directors will be proposing a final dividend of 12.0 cents per share. Together with the interim cash dividend of 8.0 cents per share, we will be paying out a total cash dividend of 20.0 cents per share to shareholders for the whole of 2019. This represents a payout ratio of 51% of our net profit.

## Multiple Income Streams

We continue to focus on improving the quality of our earnings. Recurring income has grown to \$260 million, compared to

\$232 million in 2018, largely due to higher contributions from asset management, infrastructure, and the consolidation of M1.

## Offshore & Marine

The O&M industry continues to show signs of recovery. The utilisation and day rates for jackups continue to improve, but it would take some time for these to translate into new orders, given the continuing oversupply in the market. The outlook for the floater segment is also positive, with activity and demand expected to increase gradually in the next couple of years.

In the near-term, we will continue to actively seek opportunities in the oil and gas production market where a number of project FIDs are expected in 2020. We will also pursue projects in the growing offshore renewables sector, as well as niche segments of the specialised vessel market.

On the back of our increased topline, cost management efforts and lower impairment provisions, our O&M Division achieved a net profit of \$10 million, a significant improvement over the loss of \$109 million in FY 2018. This is the first time our O&M Division has returned to profitability since FY 2016. The operating profit in FY 2019 was \$76 million before revaluations, major impairments and divestments (RIDs), more than double the \$37 million for FY 2018.

During the year, Keppel O&M remained focused on execution, delivering 13 newbuild and conversion projects.



Keppel O&M secured ~\$720 million worth of offshore wind contracts from Tennet and Ørsted in 2019.

In addition, we started 2020 with the delivery of the fifth out of 11 jackup rigs that we are building for Borr Drilling.

Our new order wins for 2019 were in excess of \$2.0 billion, up 18% compared to 2018. Keppel O&M's diversification strategy has borne fruit, with gas and renewables making up over 60% of these new orders. During the year, we also secured over 100 scrubber and ballast water treatment system retrofit projects, as shipowners sought to meet the IMO 2020 requirements on the sulphur content of marine fuel, as well as the standards set out by the Ballast Water Management Convention.

Our net orderbook stood at \$4.4 billion as at end-2019. To manage the increased workload, Keppel O&M hired 2,800 additional direct employees over the course of 2019, more than we had initially anticipated, and we expect to increase our

headcount by a further 1,500 in 2020. With Keppel O&M having returned to profitability, our goal for 2020 is to further enhance the performance of our O&M business.

#### Property

Our Property Division recorded a net profit of \$517 million for FY 2019. Keppel Land's net profit stood at \$527 million for FY 2019, 44% lower than the \$944 million for FY 2018, due to fewer en-bloc sales and divestments in 2019. If we were to exclude en-bloc sales and RIDs in both years, Keppel Land's net profit in FY 2019 was about \$260 million, an improvement over the \$236 million in FY 2018.

To further expand our property business, we completed nine acquisitions totalling about \$0.5 billion in 2019, across China, Vietnam and India. We have also broken ground for Saigon Sports City, which Keppel Land and Keppel Urban Solutions are collaborating to

develop into a smart, integrated township in District 2 of Ho Chi Minh City.

Our property business is diversified across several key Asian countries, with China and Vietnam contributing 36% and 31% of Keppel Land's net earnings respectively. Vietnam, in particular, has been a growing market for the Group, with earnings growing steadily, and contributing \$165 million to Keppel Land's net profit in FY 2019.

In 2019, we sold about 5,150 homes, 16% more than the 4,440 homes sold in 2018, achieving a total sales value of about \$3.2 billion. Despite the slowdown in the Chinese economy, we continue to see healthy demand in the cities where we operate. Home sales in China grew by more than 50% year-on-year to 3,400 units, with a total value of about \$2.2 billion, compared to \$1.0 billion



1. Keppel Land's project, The Infiniti, Phase 1C of Riviera Point in Ho Chi Min City, was 93% sold as at end-2019.
2. Keppel DC Singapore 4, which was divested by Alpha DC Fund and Keppel Data Centres to Keppel DC REIT, contributed \$50 million revaluation and divestment gains for FY 2019.

in 2018. Sales in Vietnam have also remained healthy at 950 units.

Home sales have increased in Singapore, with 250 units sold in 2019 compared to 160 units in 2018. We have seen an increase in units sold at Keppel Bay, following the announcements on the development of the Greater Southern Waterfront. We plan to launch 19 Nassim later this year, and will also consider launching Plot 4 at Keppel Bay, taking into account market conditions.

Our total residential landbank stands at about 45,200 homes, with some 17,400 homes in key Asian cities which will be launch-ready from 2020 to 2022. In our commercial portfolio, Keppel Land has about 1.6 million square metres of gross floor area, of which about half is under development.

We expect to recognise revenue from the sale of some 8,720 overseas homes worth a total of about \$3.9 billion, upon completion and handover from 2020 to 2022.

Looking ahead, we will seek to turn our assets faster in order to achieve the target ROE of 12% for Keppel Land.

### Infrastructure

Our Infrastructure Division achieved stable net profit at \$169 million for FY 2019. Keppel Infrastructure continued to grow as a steady contributor to the Group's earnings, with net profit improving from \$117 million for FY 2018 to \$133 million for FY 2019, due to improved performance from Energy Infrastructure and Environmental Infrastructure.

Keppel Marina East Desalination Plant is close to completion and is currently undergoing testing and commissioning. It is scheduled to commence operations in 1H 2020, and will start contributing to the earnings of Infrastructure Services. The Hong Kong Integrated Waste Management Facility is progressing well and has been making meaningful contributions to our bottom line.

In 2019, Keppel Infrastructure entered new markets and invested in technologies which expanded our capabilities as a solutions provider for sustainable urbanisation. We invested in the MET Group, an integrated European energy company, and Zerowaste Asia, which provides environmental solutions in industrial waste and wastewater treatment.

The data centre business is an important growth engine for Keppel. Earnings from our data centre business are lower at \$67 million in FY 2019 compared to \$76 million in FY 2018, due mainly to the absence of gain arising from the sale of a stake in Keppel DC REIT in 2018.

During the year, Alpha DC Fund and Keppel Data Centres divested Keppel DC Singapore 4 (SGP 4) to Keppel DC REIT, with SGP 4 contributing \$50 million in revaluation and divestment gains. We will continue to earn recurring income from the operation and maintenance of the data centre, as well as asset management fees. This is a good example of how the Keppel Group creates value and earns different income streams through the life cycles of the assets we build, operate, maintain and manage.

### Investments

Our Investments Division made a net profit of \$11 million, an improvement over the \$54 million loss sustained in FY 2018, despite our share of losses in KrisEnergy.

Our asset management business has performed well. Keppel Capital's net profit grew to \$74 million in FY 2019, compared to \$62 million in FY 2018. Its AUM has also

grown by 14% from \$29 billion to \$33 billion as at end-2019. In 2019, Keppel Capital completed about \$8.4 billion in acquisitions and divestments, and raised equity and debt of \$9.5 billion.

2019 also saw Keppel Capital expanding its asset classes with a joint debt mezzanine platform together with Pierfront Capital. Following strong interest from investors, Keppel Capital will soon launch a new Keppel Asia Infrastructure Fund to seize opportunities in the fast-growing energy and sustainable infrastructure sectors.

A major milestone last year was the privatisation of M1, which contributed a total of \$153 million to the Group's earnings for FY 2019, including a re-measurement gain from the previously held interest in M1 and after taking into account charges related to the acquisition.

We are driving M1's transformation to enhance its competitiveness and contributions to the Group. During the year, despite a challenging competitive landscape, M1 grew its post-paid customer base by about 11% to about 1.535 million, compared to 1.384 million as at end-2018.

In the past six months, M1 has been making significant headways in 5G developments, including embarking on 5G research and trials with universities in Singapore, and working with Singapore government agencies and other partners to co-develop use cases to deliver the full potential of 5G technology. Earlier today, we announced that M1 and StarHub have signed an exclusive agreement to cooperate and submit a joint bid for a 5G licence.

Over in China, the Sino-Singapore Tianjin Eco-City continues to grow steadily. Our joint venture master developer, SSTEC, continues to actively drive the city's development, including selling two land plots for about RMB1.5 billion in 2019. This reflects the continuing demand for homes in the Eco-City, where over 4,000 homes were sold in 2019.

## Conclusion

As we start a new decade, we have also begun planning our growth trajectory to 2030. In the first half of 2019, we gathered a group of younger Keppel business leaders to paint their visions for the company in 2030. Many interesting ideas have been surfaced, which we will take on board as we chart the company's Vision 2030, with interim targets for 2025.

More will be shared on our Vision 2030 later this year, but it is quite clear that we see Keppel growing as one integrated business providing solutions for sustainable urbanisation. Through our integrated business model, we will seek to create value across the Group, and improve both the magnitude and quality of our earnings, while enhancing returns through active capital recycling. We will also endeavor to narrow the gap between our share price and the value of our underlying businesses by further

deepening collaboration and tapping the synergies of the Group.

We will further strengthen our commitment to sustainability and combating climate change, including introducing an internal carbon price in the evaluation of all major investment decisions and enhancing our climate risk assessment.

Last October, Temasek announced a voluntary pre-conditional partial offer to acquire an additional 30.55% of shares in Keppel Corporation. If successful, the partial offer will result in Temasek and the offeror owning an aggregate 51% of Keppel. We are unable to comment on the pre-conditional partial offer, but we hold the view that there is long-term value in Keppel's businesses, a view which Temasek shares. We will, as always, work hard to deliver value to all our shareholders. ✓



# Financial highlights

**Keppelite** reproduces excerpts of the presentation by Mr Chan Hon Chew, CFO of Keppel Corporation, on the Company's financial performance at the 4Q & FY 2019 results briefing to media and analysts.

## 4Q 2019 financial highlights

\$m	4Q 2019	4Q 2018*	% Change
Revenue	2,198	1,677	31
Operating Profit	212	6	>500
Profit Before Tax	238	165	44
Net Profit	192	135	42
EPS (cents)	10.5	7.5	40

## FY 2019 financial highlights

\$m	FY 2019	FY 2018*	% Change
Revenue	7,580	5,965	27
Operating Profit	877	1,055	(17)
Profit Before Tax	954	1,245	(23)
Net Profit	707	948	(25)
EPS (cents)	38.9	52.3	(26)

\* An agenda decision on a clarification in relation to capitalisation of borrowing costs by property developer under IAS 23 Borrowing Costs was finalised by the International Financial Reporting Standards Interpretations Committee in 2019. As the financial reporting framework applied by the Group is equivalent to International Financial Reporting Standards, the agenda decision has relevant impact to the Group's Property Division. Consequently, 2018 financial figures have been restated.

### 4Q 2019 financial highlights

In 4Q 2019, the Group recorded a net profit of \$192 million, which was 42% higher than the same quarter in 2018.

The Group's revenue for the fourth quarter was 31% or \$521 million higher than the same quarter in the preceding year. All divisions, except the Property Division, registered higher revenues during the quarter.

Operating profit improved by \$206 million, largely due to lower impairment provisions, higher fair value gains on investment properties, and consolidation of M1's results.

Profit before tax at \$238 million, increased by a smaller extent as compared to the increase for operating profit, due mainly to lower share of profits from associated companies.

After tax and non-controlling interests, net profit was 42% or \$57 million higher at

\$192 million, translating to earnings per share of 10.5 cents.

### FY 2019 financial highlights

Compared to FY 2018, net profit for FY 2019 was 25% lower at \$707 million.

Consequently, Return on Equity (ROE) decreased to 6.3%.

During the year, the Group earned a total revenue of about \$7.6 billion, an increase of 27% or \$1.6 billion compared to 2018. All divisions registered higher revenues during 2019, except for a marginal decrease in the Property Division.

Despite higher revenues, operating profit at \$877 million was 17% or \$178 million lower than in the preceding year. This was due mainly to lower gains from en-bloc sales of development projects and the absence of gain from divestment of

Beijing Aether as compared to 2018, partially offset by fair value gain from the re-measurement of previously held interest in M1 arising from the acquisition in 2019.

Free cash outflow for FY 2019 was \$653 million as compared to an inflow of \$515 million in 2018 mainly due to higher working capital requirements with the construction progress of Offshore & Marine's major projects, and Keppel Land's additional property development and land acquisition costs, as well as lower proceeds from en-bloc sales.

Net gearing increased from 0.48x at the end of 2018 to 0.85x at the end of 2019.

The proposed final dividend to shareholders for 2019 will be 12.0 cents per share. Including the interim dividend paid, the total distribution for 2019 will be 20.0 cents per share. ✓

# In conversation

**Keppelite** shares highlights of management's responses to questions from the media and investment community at the Company's 4Q & FY 2019 results briefing.

**Q: Keppel O&M plans to increase its headcount by another 1,500 in 2020. Is this based on the work requirements of your current orderbook, or in anticipation of new contracts that you might secure?**

**LCH:** The planned increase in workforce is due to the anticipated increase in workload. You can see that we have been steadily building up our net orderbook. We expect that in the next few years, we will be executing the net orderbook.

This is based on the workload that we currently have. We have high hopes. We hope that there will be even stronger orders this year. Keppel O&M is now working on quite a number of enquiries.

**Q: The O&M Division made a loss in 4Q 2019. What drove the losses? Are you still confident of a sustained recovery, given the weaker orders in 4Q 2019?**

**CHC:** The loss for 4Q 2019 was because of the share of losses in associate companies, in particular, Floatel had to do an impairment exercise on its vessels. As a result, Keppel O&M had to take its share of the impairment losses. The underlying business of Keppel O&M at the operating level is profitable.

**CO:** For the whole of 2019, the amount of order wins was slightly above \$2 billion, which is 18% higher than the previous year.

Although the offshore & marine market is still challenged, our diversification has got us a wider portfolio of projects. We will continue to chase value-add projects in 2020 and continue on the growth trajectory.

**Q: Are O&M tenders and enquiries stronger this year compared to last year?**

**CO:** What we can see is that there is a stronger pipeline of enquiries compared to last year or two years back. But it is also sector dependent. It depends on Final Investment Decisions (FID) timing and different projects coming online, but we are actively engaged in all of them.

**Q: The Property Division's ROE at ~6.5% in 2019 is below its target of 12%. How will you turn your assets faster moving forward?**

**TSY:** First of all, the 12% target is over a period of time, and not measured in a single year. We have quite a sizeable landbank that we built up over the years – a landbank of ~45,000 homes and also some commercial space.

We will be actively activating the landbank and commercial space to generate returns. Of course, this will also be dependent on market conditions. Sometimes, we need not wait for development. By en-bloc sales, as we have done in the past, we have managed to generate significant contributions.

**LCH:** As Swee Yiow has said, this is a medium to long term target. We have quite a lot of assets in our property book. We just have to turn these assets faster. Selling through en-bloc sales is just another way of achieving a sale. We do not need to develop everything ourselves.

We are still very much guided by the 12% target for the Property Division, which we believe can be met.

**Q: Do you expect infrastructure earnings to be stable even after the Keppel Marina East Desalination Plant (KMEDP) is completed?**

**LCH:** The performance of Keppel Infrastructure has been stronger this year (2019) compared to last year (2018). While the construction for KMEDP is coming to an end, we will have operations and maintenance fees. For the Hong Kong project, we are just starting to recognise that.

**OTG:** I don't think we are expecting a drop. We are very optimistic about our prospects for 2020.

**Q: Can you share the timeline, target size and seed assets for the Keppel Asia Infrastructure Fund?**

**CT:** For the Keppel Asia Infrastructure Fund, we are looking to launch at US\$1 billion in terms of target equity size. This will probably attract a lot of quality institutional investors, especially the sovereign wealth funds, because the first seed asset that we are looking to put into the fund would be Project Gimi.

Leveraging the strength of the Keppel Group and Keppel's capabilities, we are able to provide a good pipeline of dealflow projects for this fund. In terms of timeline, we will be announcing the first closing quite soon. ✓

**LCH – Mr Loh Chin Hua,**  
*CEO of Keppel Corporation*

**CHC – Mr Chan Hon Chew,**  
*CFO of Keppel Corporation*

**OTG – Dr Ong Tiong Guan,**  
*CEO of Keppel Infrastructure*

**CT – Ms Christina Tan,**  
*CEO of Keppel Capital*

**CO – Mr Chris Ong,**  
*CEO of Keppel Offshore & Marine*

**TSY – Mr Tan Swee Yiow,**  
*CEO of Keppel Land*



Keppel senior management engaged media and analysts at the 4Q & FY 2019 results briefing.

# Steady performance

Keppel REIT has achieved distributable income of \$47.1 million for 4Q 2019, 2.1% above the same period in 2018. Total distributable income for FY 2019 is \$189.3 million, which is comparable to \$189.0 million for FY 2018.

Notwithstanding the absence of rental support and lower income contribution following the two divestments- the 20% stake in Ocean Financial Centre in December 2018 and Bugis Junction Towers in November 2019- distributable income was maintained year-on-year due mainly to the acquisition of T Tower in May 2019, higher average portfolio rentals and capital gains distribution, as well as lower borrowing costs.

DPU for FY 2019 is 5.58 cents, which translates to a distribution yield of 4.5%

based on the market closing price of \$1.24 per Unit as at 31 December 2019.

All-in interest rate was lowered to 2.77% per annum for FY 2019, while aggregate leverage and interest coverage ratio were 35.8% and 3.8 times, respectively. Weighted average term to maturity was 3.4 years.

As at 31 December 2019, portfolio committed occupancy was high at 99.1%. The portfolio and top 10 tenants' weighted average lease expiry remained long at approximately 4.9 years and 7.0 years respectively.

As part of its portfolio optimisation strategy, the Manager deployed \$292.0 million into the acquisition of T Tower in Seoul, South Korea, in May 2019, following the divestment of a 20% stake in Ocean

Financial Centre in December 2018. T Tower is a freehold Grade A CBD office building which has an initial NPI yield of 4.7% and complements Keppel REIT's existing Singapore-centric portfolio.

The divestment of Bugis Junction Towers was completed for a sale price of \$547.7 million at a NPI yield of 3.0%. Approximately \$378.4 million of capital gains were realised from the divestment. The divestment proceeds enable the Manager to continue its DPU-accretive Unit buy-back programme and pare down debt, while seeking higher yielding growth opportunities. The Manager will also work to enhance the stability of distribution to Unitholders while continuing with its portfolio optimisation initiatives and proactive efforts to mitigate occupancy voids.

## Changes in Keppel REIT Management's Board

Keppel REIT Management has appointed Mr Ian Mackie as an independent non-executive director. His appointment took effect from 5 December 2019. Mr Mackie, 63, is Chairman of the Urban Land Institute (ULI) Australia. He also sits on the Board of the ULI Asia Pacific Foundation and has been a ULI Global Governing Trustee since July 2019.

Mr Mackie has more than 40 years of experience in real estate investments and funds management in Asia Pacific.

He was previously the International Director and Asia Pacific Head of Strategic Partnerships at LaSalle Investment Management (Australia) from April 2015 to December 2018, and International Director and Head of Private Equity and Strategic Partnerships at LaSalle Investment Management Asia from January 2000 to April 2015. He retired from LaSalle Investment Management in December 2018.

Separately, Mrs Penny Goh, Chairman of Keppel REIT Management, has been

re-designated as non-independent non-executive Board Chairman of Keppel REIT Management with effect from 1 January 2020. This follows Mrs Goh's appointment to Keppel Corporation's Board of Directors which took effect from 2 January 2020. Mr Mackie will concurrently replace her as the Chairman of the Nominating and Remuneration Committee.

Following the abovementioned changes, the Board of Keppel REIT Management comprises seven directors, of whom four are independent directors.

## Strong performance

Keppel Pacific Oak US REIT (KORE) achieved distributable income (DI) of US\$50.8 million for FY 2019, 31.4% higher than the DI for FY 2018, and exceeding the IPO forecast for the same period by 26.3%. DI for 4Q 2019 was US\$13.6 million, which also exceeded DI for 4Q 2018, and the IPO forecast by 32.8% and 35.5%, respectively.

The stronger year-on-year performance for FY 2019 was driven mainly by positive rental reversion of 14.3% for the whole portfolio, especially from the tech focused markets of Seattle and Austin; full-year contributions from The Westpark Portfolio, which was acquired in December 2018; as well as the two acquisitions in January and November 2019 – Maitland Promenade I and One Twenty Five.

Distribution per Unit (DPU) for FY 2019 was 6.01 US cents, 31.2% above the

adjusted DPU for FY 2018 and 26.0% above the IPO forecast adjusted DPU. This translated to a distribution yield of 7.7% based on the market closing price of US\$0.780 per Unit as at the last trading day on 31 December 2019.

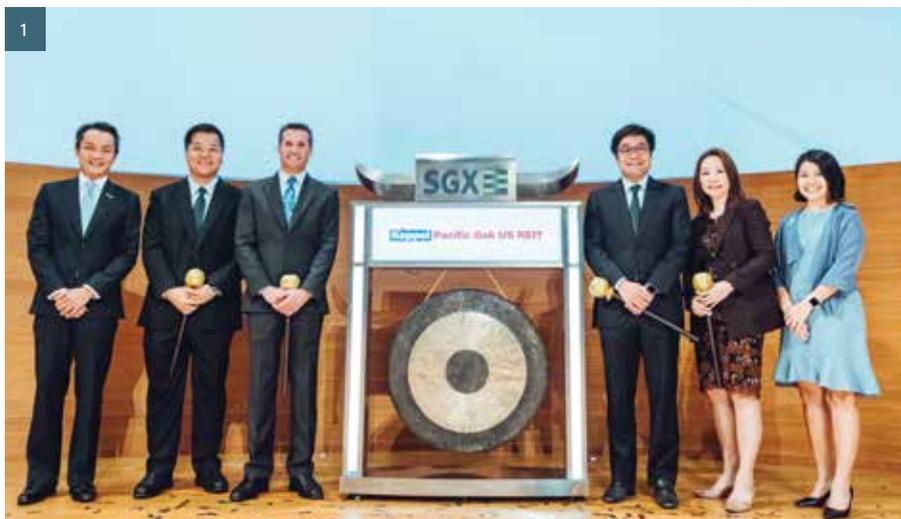
The Manager's proactive leasing strategy yielded strong outcomes with approximately 836,000 sf leased for the whole of 2019. KORE's portfolio committed occupancy was 93.6% as at end-2019.

In 2019, KORE had positive portfolio rental reversion of 14.3% as a result of sustained rent increases. These were driven significantly by positive office demand and expansion of its tenants at its buildings and business campuses in the fast-growing tech hubs of Seattle and Austin. As at 31 December 2019, over 36% of tenants were in the key growth sectors of technology and healthcare.

Weighted average lease expiry by cash rental income (CRI) for KORE's portfolio was 4.2 years. Tenant concentration risk remains low with the top 10 tenants accounting for only 19.4% of CRI.

The weighted average term to maturity of KORE's debt was 2.9 years with an all-in average cost of debt of 3.69% per annum as at end-2019. Aggregate leverage and interest coverage ratios were 36.9% and 4.8 times, respectively.

In terms of market outlook, the US economy continued to expand at an annual rate of 2.1% in the third quarter of 2019, continuing its longest expansion on record. Looking ahead, the Manager will continue its strategy of pursuing value accretive acquisitions in first choice submarkets in key US growth markets with strong visible organic growth opportunities supported by positive rental reversion opportunities. ✓



1. To mark KORE's second anniversary since its listing on the SGX in November 2017, as well as to celebrate SGX's 20th anniversary, Mr David Snyder (third from left), CEO and CIO of the Manager, Mr Kenneth Tan (third from right), Director of the Manager, Ms Ang Sock Cheng (second from right), CFO of Keppel Capital, and Mr Andy Gwee (second from left), CFO of the Manager, opened the SGX securities market with a strike of the gong at the IPO arena on 22 November 2019. Mr Matthew Song (first from left), Head of Client Coverage of SGX and Ms Grace Chia (first from right), Head of Investor Relations of Keppel Capital, witnessed the ceremony.
2. The acquisition of Kelsterbach Data Centre is expected to be completed this year. The asset will be the REIT's second data centre in Germany.

# Stable returns



Keppel DC REIT has delivered distributable income of \$31.5 million for 4Q 2019, 20.4% higher than 4Q 2018's \$26.1 million. The increase was mainly contributed by the acquisitions of Keppel DC Singapore 4 and DC1 which were completed in 4Q 2019.

Distributable income for FY 2019 was also higher at \$113.2 million, an increase of 17.8% from FY 2018's \$96.1 million, supported by the new acquisitions as well as full year contributions from Keppel DC Singapore 5 and maincubes Data Centre in Offenbach am Main, Germany.

Accordingly, Keppel DC REIT declared Distribution per Unit (DPU) of 7.61 cents for FY 2019, 4.0% higher than FY 2018's 7.32 cents. Based on the closing price of \$2.080 on the last trading day of 2019, the REIT's distribution yield was 3.66%.

Excluding the impact of the pro-rata preferential offering in October 2019, DPU

for FY 2019 would have been higher at 7.71 cents, a 5.3% increase from FY 2018's DPU of 7.32 cents.

In 2019, the Manager continued to grow the REIT. The additions of Keppel DC Singapore 4 and DC1 in Singapore increased the REIT's assets under management to approximately \$2.6 billion, up from \$2.0 billion as at end-2018.

The Manager also announced the acquisition of Kelsterbach Data Centre, a master leased asset that is fully leased on a triple-net basis until end-2025. The acquisition is expected to be completed this year.

In 4Q 2019, the Manager entered into a supplementary deed with 1-Net Singapore Pte. Ltd. to fit out the existing shell and core space at DC1. When completed in 3Q 2020, the additional fully-fitted space will provide further income to the REIT.

In January 2020, asset enhancement works have also commenced at Keppel DC Singapore 5 to increase the power capacity of the data centre. This is expected to be completed by 2H 2020, and involves converting a large portion of the vacant non-DC space in the facility to DC space.

In Australia, the construction of Intellicentre 3 East Data Centre has commenced, with completion expected in 4Q 2020. In Dublin, the asset enhancement works to improve energy efficiency at Keppel DC Dublin 1 remains on track for completion in 1H 2020.

As at 31 December 2019, the REIT's portfolio occupancy rate remained healthy at 94.9% with a long weighted average lease expiry (WALE) of 8.6 years.

The Manager believes that the prospects for the data centre market remain robust. ✓



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Keppel Infrastructure Trust Financial Results

## Steady growth

Keppel Infrastructure Fund Management (KIFM), as Trustee-Manager of Keppel Infrastructure Trust (KIT), achieved a distributable cash flow (DCF) of \$38.9 million for 4Q 2019, bringing DCF for FY 2019 to \$188.7 million, this was 13.7% and 33.7% higher than the corresponding periods in 2018 respectively. The stronger performance was driven mainly by the contribution from Ixom.

KIFM also declared Distribution per Unit (DPU) of 0.93 cents for 4Q 2019, bringing DPU for FY 2019 to 3.72 cents. This translated to an annualised distribution yield of 6.9%, based on the market closing price per Unit of \$0.540 as at 31 December 2019.

Ixom's performance was supported by continued operational excellence, working capital and cost optimisation, as well as productivity improvements. City Gas delivered steady growth, expanding its reach of retail and commercial customers

to 859,000 in 2019, a 2.0% growth from 2018.

On 27 November 2019, Basslink Pty Ltd announced a 12-month extension of the maturity date of the financing arrangements in place for the Basslink Interconnector and the waiver by the lending syndicate of all breaches and events of default that had arisen under the financing arrangements then.

Currently, Ixom and Basslink's operations are not affected by the bushfire in Australia. All of Ixom and Basslink's sites are also not within any fire warning zones. The management teams are monitoring the bushfire risk closely and there are business continuity plans and insurance in place should any sites be affected.

In the Energy segment, the Keppel Merlimau Cogen plant achieved contracted availability of 96% in 2019. Assets in the Waste & Water sectors

continued to fulfill all contractual obligations for the whole of 2019.

KIT continues to monitor the operational performance of the SingSpring Desalination plant, in which it owns a 70% interest, to ensure that the plant's obligations under the Water Purchase Agreement are satisfactorily discharged. Operations remain stable, and the plant has fulfilled all contractual requirements as at 31 December 2019.

On 31 October 2019, KIT completed the divestment of its 51% stake in DataCentre One. Proceeds are expected to be redeployed into quality acquisitions that will strengthen KIT's portfolio, as well as for refinancing purposes and working capital needs.

Infrastructure investments are expected to remain a key driver of economic growth. KIFM will continue to grow the Trust through acquisitions that will create greater value for KIT and Unitholders through stable recurring returns and steady long-term capital appreciation. ✓

## Solutions for Clean environments

Keppel Offshore & Marine (Keppel O&M) has clinched 104 scrubber and ballast water treatment systems (BWTS) retrofit orders worth a combined value of about \$160 million in 2019. This brings the total number of retrofit projects secured to date to 108 scrubber and 97 BWTS projects.

With the International Maritime Organisation's 2020 regulation to cap the sulphur content of marine fuel at no more than 0.5%, and the standards set out by the Ballast Water Management Convention, there has been an increase

in demand from ship owners for exhaust cleaning scrubber systems that limit sulphur emissions and BWTS solutions.

Mr Chor How Jat, MD (Conversions & Repairs) of Keppel O&M said, "Installation of scrubbers and BWTS can be highly complex and there has been strong demand worldwide to meet regulatory deadlines. Backed by extensive experience in conversion and retrofitting work, Keppel's ability to deliver quick, safe and reliable vessel turnarounds has made us an attractive choice for clients keen to meet their tight timelines.

"We completed Singapore's first scrubber installation last year in under 30 days and we were also the first shipyard in Singapore to successfully undertake a BWTS retrofit project back in 2013."

To expedite the retrofit process, Keppel conducts early customer engagement and preparation work, including the utilisation of 3D scanning technology, completion of detailed engineering and prefabrication of modules before the vessel arrives, so that the vessel's time spent in the shipyard is minimised. ✓



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1. KIT's stronger performance was driven mainly by the contribution from Ixom, whose acquisition was completed in February 2019.
2. To expedite the retrofit process, Keppel O&M conducts early customer engagement and preparation work before the vessel arrives, so that the vessel's time spent in the shipyard is minimised.

Breaking ground for

# Saigon Sports City

Keppel deepens its presence in Vietnam with the groundbreaking of Saigon Sports City, a 64-hectare site which will be developed by Keppel Land and Keppel Urban Solutions into a smart, integrated township in the prime District 2 of Ho Chi Minh City (HCMC).

The groundbreaking ceremony for Saigon Sports City was held on 8 November 2019, and attended by Guest-of-Honour H.E. Nguyen Thanh Phong, Deputy Party Secretary of HCMC and Chairman of the HCMC People's Committee; H.E. Catherine Wong, Singapore's

Ambassador to Vietnam; Dr Lee Boon Yang, Chairman of Keppel Corporation; Mr Loh Chin Hua, CEO of Keppel Corporation and Chairman of Keppel Land and Keppel Urban Solutions; senior management of Keppel Land and Keppel Urban Solutions, as well as over 200 guests.

Speaking at the groundbreaking event, Mr Loh said, "Keppel has been participating in and contributing to Vietnam's growth for close to three decades, especially in HCMC, where we have a quality portfolio of residential and commercial developments. The





groundbreaking of Saigon Sports City marks a new phase in Keppel's engagement of HCMC. Leveraging the Keppel Group's capabilities in providing solutions for sustainable urbanisation, Keppel Land and Keppel Urban Solutions are collaborating for the masterplanning and development of Saigon Sports City, which will be developed into a vibrant, integrated township and an iconic landmark in HCMC."

When completed, Saigon Sports City will feature about 4,300 premium homes as well as Vietnam's one-stop sports, entertainment and lifestyle hub. Biophilic design principles will be adopted in Saigon Sports City, including natural cross-ventilation throughout the development, generous space between buildings for natural light, a contiguous fitness circuit, lush landscaping with locally-sourced flora and picturesque

water features with natural filtration, to create a green and beautiful environment.

Keppel will also work with best-in-class local and international partners to offer innovative urban solutions including smart security, smart mobility and environmental infrastructure solutions, among others. The first phase of Saigon Sports City will comprise residential and commercial spaces as well as sports facilities.

At the ceremony, Mr Tan Swee Yiew, CEO of Keppel Land, also presented a contribution of VND 100 billion (approximately \$5.8 million), on behalf of Keppel, in support of infrastructural development in District 2 of HCMC. The contribution, which was received by Mr Nguyen Phuoc Hung, Chairman of District 2 People's Committee, reflects Keppel's commitment to contribute to the community wherever it operates.✔

1. Breaking ground for Saigon Sports City were (from left to right) Mr Linson Lim, President (Vietnam) of Keppel Land; Mr Roy Kho, Singapore's Consul-General in HCMC; Ms Catherine Wong, Singapore's Ambassador to Vietnam; Dr Lee Boon Yang, Chairman of Keppel Corporation; Mr Nguyen Thanh Phong, Deputy Party Secretary of HCMC and Chairman of HCMC People's Committee; Mr Loh Chin Hua, CEO of Keppel Corporation and Chairman of Keppel Land and Keppel Urban Solutions; Mr Tan Swee Yiew, CEO of Keppel Land; and Ms Cindy Lim, MD of Keppel Urban Solutions.

2. Mr Tan Swee Yiew (first from left), CEO of Keppel Land, presented a contribution of VND 100 billion (approximately \$5.8 million), on behalf of Keppel, in support of infrastructural development in District 2 of HCMC. The contribution was received by Mr Nguyen Phuoc Hung (second from right), Chairman of District 2 People's Committee, in the presence of Dr Lee Boon Yang, Chairman of Keppel Corporation (centre), Mr Nguyen Thanh Phong (first from right), Deputy Party Secretary of HCMC and Chairman of HCMC People's Committee and Mr Loh Chin Hua (second from left), CEO of Keppel Corporation and Chairman of Keppel Land and Keppel Urban Solutions.



1. The TSHD Sanderus is diesel-electric driven and is able to dredge to a maximum depth of 35m.
2. Keppel Land has invested US\$25 million in Smartworks, a leading pan-India flexible space solutions provider with a footprint of 23 operational centres across nine cities, catering to mainly large enterprises and high-growth startups.

## Trusted partner

Keppel Offshore & Marine (Keppel O&M) works closely with customers to ensure every project is completed to their highest satisfaction. In the last few months, the company extended its track record with the reliable delivery of several projects.

Mr Tan Leong Peng, ED (Newbuilds) of Keppel O&M, said, "With our strong track record in design, engineering and execution, Keppel O&M is committed to providing value added solutions for our customers."

### B Class jackup rigs

On 12 December 2019, Keppel O&M delivered the state-of-the-art KFELS B Class jackup rig, Cantarell III, to a wholly-owned subsidiary of Grupo R with a perfect safety record. As part of the deal, Grupo R has entered into a sale and leaseback arrangement for the rig with a wholly-owned subsidiary of Keppel O&M.

Cantarell III will be leased back to Grupo R on a bareboat charter at competitive day rates over ten years, and will be deployed to work in offshore Mexico on a charter which will commence in 1Q 2020.

Under the bareboat charter, Grupo R has the right to purchase the rig at pre-agreed prices during the term of the bareboat charter. After the fifth year, Keppel O&M may, at its discretion, put the rig to Grupo R at a pre-agreed price.

Separately on 15 January 2020, Keppel O&M delivered another KFELS B Class jackup rig to Borr Drilling. Heimdal, the fifth of 11 jackup rigs that Keppel is building for Borr Drilling, was delivered safely, on time, and on budget.

With a market share of about a quarter of all jackup rigs delivered since 2000, the KFELS B Class is the workhorse of the industry and continues to be the preferred rig solution for shallow water exploration.

### Semisubmersible

On 31 December 2019, the mammoth semisubmersible Ocean Onyx was redelivered to Diamond Offshore on time, on budget and with zero loss time incidents.

It had undergone eight months of major upgrades at Keppel O&M where the yard's

work included the engineering, fabrication and installation of new pontoons, columns, bracings and a wing deck.

The Ocean Onyx was first upgraded in 2012 by Keppel AmFELS, Keppel O&M's yard in the US, from an old semisubmersible rig. Diamond Offshore is Keppel O&M's long-standing customer and the two companies have collaborated on more than 12 projects since 2005.

### Low emission dredger

Further extending its track record in the non-oil and gas segment, Keppel O&M on 17 December 2019 delivered its fourth Trailing Suction Hopper Dredger (TSHD) to the Jan De Nul Group safely and with zero lost time incidents. The delivery of 6000m<sup>3</sup> Ultra-Low Emission vessel (ULEv) Sanderus follows the delivery of three 3500m<sup>3</sup> TSHDs earlier in 2019, all ULEVs and the world's first European Union Stage V dredgers.

Upon delivery, Sanderus sailed immediately to Belgium for maintenance dredging works on the river Scheldt and alongside the coast. ✓

# Growing footprint

## in India

Keppel is expanding its footprint in India with two new deals.

On 31 October 2019, Keppel Land expanded its presence in the shared workspace sector with a US\$25 million investment in Smartworks Coworking Space Pvt. Ltd (Smartworks), a leading pan-India flexible space solutions provider with a presence in nine major Indian cities.

Smartworks has 23 operational centres offering a total of about 43,000 workstations spread over 2.3 million sf. Its centres currently cater to over 400 organisations, comprising mainly large enterprises and high-growth startups such as Amazon Web Services, Microsoft Corporation and Samsung. The workspaces can be rapidly configured and customised on short notice, and are equipped with cafeterias, gyms and clinics onsite. Smartworks plans to grow its footprint to 20 million sf and provide

office solutions for over 200,000 working professionals over the next five years.

Mr Tan Swee Yiow, CEO of Keppel Land, said, "Smartworks' innovative business model, coupled with its strong knowledge of the Indian enterprise office segment and execution abilities, is highly scalable and relevant, particularly in India's growing market for commercial office spaces. This investment allows Keppel Land to enter one of the world's fastest-growing flexible office markets, opening doors for further growth through this collaboration.

"There are also many opportunities for cross-learning and collaboration between Smartworks and Keppel Land's smart serviced co-office platform, KLOUD, which currently has a presence in Singapore, Vietnam and Myanmar."

Separately, on 15 December 2019, Keppel Land, through its wholly-

owned subsidiary, entered into a joint venture with leading Indian developer, Rustomjee Group, to jointly develop the 51.4-ha Urbania integrated township located in Thane, a mature and well-connected district within the Mumbai Metropolitan Region. Keppel Land and Rustomjee Group will jointly develop an addition of about 7,400 homes and retail units with a total gross floor area of approximately five million sf.

This is the first of such collaboration between a Singapore developer and an Indian developer for a township in the Mumbai Metropolitan Region, which is among India's fastest-growing regions.

Keppel Land will be acquiring a 49% stake in the joint venture company, Kapstone Constructions Private Limited, at a consideration of about INR 4,091 million (approximately \$78.2 million).➤



## What does sustainable urbanisation mean to me?

As cities grow, so do their needs. Urbanisation is one of the most significant development trends facing the world today. Sustainable urban development and management are critical to support these growing populations, confront the growing concerns over climate change, and create resilient and inclusive urban spaces.

What does it mean for a company like Keppel, whose mission is to deliver solutions for sustainable urbanisation? We speak to Keppelites across the Group, working in different roles and projects, on what sustainable urbanisation means to them, and how they see Keppel contributing to building a better world.

“Sustainability is playing an increasingly significant role in business strategy. It can be a catalyst for innovation, as well as open doors to new market opportunities. As our businesses collaborate, leveraging our strengths as a Group to provide solutions for sustainable urbanisation, we can be a force for good and contribute towards building a better world.”

**Sebastien Lamy, Director, Group Strategy & Development, Keppel Corporation and MD, Keppel Technology & Innovation**

1. As demand for cleaner sources of energy such as Liquefied Natural Gas (LNG) continues to rise, the successful deployment of the world's first converted Floating LNG vessel, Hilli Episeyo (pictured), to offshore Cameroon puts Keppel O&M ahead of the curve as a leading provider of floating liquefaction solutions.
2. The Keppel Marina East Desalination Plant in Singapore (pictured) will bolster the country's water supply resilience.



“As the world continues to urbanise, Keppel Offshore & Marine (Keppel O&M) is providing a suite of solutions to help meet the growing demand for energy as well as the energy transition. Beyond our traditional solutions for the oil industry, we have been focusing on LNG solutions which help to propel the transition to cleaner fuels. We are also deepening our presence in renewables to ensure that we stay ahead of the curve as green energy plays an increasing role in the global energy mix.”

**Mr Chris Ong, CEO, Keppel Offshore & Marine**



“We strive to add value to energy and environmental infrastructure for better, safer and healthier lives. Our strengths are our people, and our depth of knowledge and expertise in engineering and technology development. In tapping on these strengths, and through our business model and execution excellence, we are able to deliver value to our customers and stakeholders.”

**Dr Ong Tiong Guan, CEO, Keppel Infrastructure**

"It means being a trusted partner for investors, and having a strong fiduciary duty to generate long-term and sustainable returns for the retail and institutional investors who put their money with us. For the assets we manage, we also look at the carbon footprint, and how to reduce water consumption and electricity to help reduce operating costs. Such measures improve returns on investments."

**Christina Tan, CEO,  
Keppel Capital**

"We implement projects in the built environment in a sustainable way that does not destroy or cause negative impacts to the environment as we implement the projects. Any business we do is for the people and contributes to urbanisation and the way people live, work and play."

**Goh York Lin, President (Indonesia),  
Keppel Land**



Keppel's diverse capabilities in energy, property, infrastructure and connectivity are brought together in the Sino-Singapore Tianjin Eco-City to create a highly liveable, smart and sustainable community.

"An interesting aspect of my role involves tackling land scarcity and energy efficiency in highly urbanised cities like Singapore. My team is constantly exploring new technology and alternatives to innovate and optimise our data centres to achieve higher efficiency."

**Ooi Kai Yong, Senior Engineer, Keppel Data Centres**

"Keppel has long been providing solutions for sustainable urbanisation, whether it is meeting energy needs, treating water or building sustainable communities. The Sino-Singapore Tianjin Eco-City is a prime example of how Keppel brings together its different capabilities to develop a model for sustainable city development. Sustainable urbanisation is thus not a buzzword for us, but something that countless Keppelites are working on every day."

**Ho Tong Yen, Director, Group Corporate Communications,  
Keppel Corporation**

"One of the most fulfilling aspects of my job is learning about different cities as well as the needs and aspirations of its people, and incorporating these insights in developing urban solutions. It is heartening to know that the projects I work on contribute to the creation of highly liveable, smart and sustainable communities."

**Lee Ai Ling, Senior Manager, Keppel Urban Solutions**

"We consider environmental factors during the planning, design and operation of our property developments, as well as during their operational phases. We have also been collaborating with various partners to incorporate new and emerging green technologies to achieve even higher energy efficiency. Recently, Keppel Bay Tower became Singapore's first commercial development to be fully powered by renewable energy. Through these efforts, I believe we truly live up to being a leading green developer, contributing to sustainable urbanisation."

**Wong Ee Ven, Senior Manager,  
Operational Excellence, Keppel Land**

"Keppel O&M's conversion solutions, which transform LNG carriers into regasification or liquefaction units, are examples of how we provide communities with cost-effective solutions to harvest cleaner fuels, thus allowing them to grow more sustainably."

**Brandon Chia, Engineer,  
Keppel O&M Conversions & Repairs Division**

"Urbanisation and the expansion of cities result in space constraints, so we need to replace traditional landfills and treat more waste with less space in a responsible way. We support cities in urbanising sustainably by providing solutions for their waste and water needs."

**Jackson Goh, GM (Environmental Infrastructure),  
Keppel Infrastructure**



Mr Loh Chin Hua,  
CEO of Keppel Corporation

# New Year Message

## from the CEO

In his new year message to Keppelites around the world, Mr Loh Chin Hua, CEO of Keppel Corporation, highlighted the significant progress that the company had made in its Vision 2020, commitment to sustainability, as well as promotion of collaboration and harnessing of synergies across the Group.

### Dear Keppelites

Happy new year! There is an iconic ring to the year 2020 - the start of a new decade, a new era. Around the world, many governments and organisations have set goals to be achieved by 2020.

In 2014, we also adopted an ambitious Vision 2020 for Keppel, to focus the

company's strategy and transformation. It includes comprehensive targets related to financial performance, people, processes and our broader stakeholders.

Our goal is to make Keppel a more resilient, sustainable and purposeful company, one which can outlast all of us.

### Realising our vision

Over the past few years, despite a challenging macro-environment, we have made significant progress towards our vision.

We have privatised our operating entities, starting with Keppel Land, followed by Keppel Telecommunications & Transportation and M1, thus facilitating better capital allocation and inter-

business unit (BU) collaboration. Only the REITS and business trusts remain listed, serving as platforms for capital recycling, while providing stable returns to unitholders. Since 2014, we have listed two new REITS (Keppel DC REIT and Keppel Pacific Oak US REIT), made a strategic investment in Prime US REIT, and grown our assets under management.

We are pushing for more collaboration as *OneKeppel* and harnessing of synergies across the group to ensure that the whole is greater than the sum of its parts. To this end, we have established entities such as Keppel Capital, Keppel Urban Solutions (KUS) and Keppel Technology & Innovation, which support collaboration and hunting as a pack. The formation of Keppel Capital, in particular, helps the group to tap third party co-investment funds to grow our business without straining our balance sheet.

In 2018, we rallied the group behind a common mission to provide solutions for sustainable urbanisation. Today, we see increasing examples of collaboration among Keppel BUs in pursuit of our common purpose, such as between Keppel Land and KUS to develop Saigon Sports City, between Keppel Data Centres, Keppel Infrastructure and Keppel Offshore & Marine (Keppel O&M) to develop energy efficient floating data centre parks, and between Keppel O&M and M1 to testbed maritime autonomous surface ships.

Reflecting our common purpose, we will align the logos of our BUs starting from 1 March 2020. Instead of having Keppel wordmarks sporting different colours, we will adopt a consistent red, symbolising the passion of Keppelites. The change will be progressively rolled out around the world.

We are deepening our presence in rapidly urbanising markets such as China and Vietnam, and expanding our products and offerings, with smart, urban

### Moving ahead as *OneKeppel*

With effect from 1 March 2020, the logos of Keppel's BUs will adopt a consistent red wordmark to reflect our common purpose as we move ahead as *OneKeppel*.



projects, renewables, gas solutions, asset management and connectivity among our new growth engines. Keppel is also expanding from being mainly a B2B company into the B2C space, with consumer-facing businesses such as M1, Keppel Electric, City Gas and UrbanFox.

We are also building a more agile and innovative company, including through venture capital investing, to acquire new capabilities and improve access to potential disruptive trends.

### Committed to sustainability

There is growing international consensus on the urgent need for climate action - a view which Keppel shares. We see sustainability as a critical part of our mission.

At Keppel's board offsite meeting last September, we reaffirmed our commitment to put sustainability at the core of our strategy. Sustainability will be a key consideration in our investment decisions. We will avoid highly polluting businesses such as coal, and emphasise renewables and cleaner energy such as gas. This pivot towards renewables and gas can already be seen in Keppel O&M's strategy, with

renewables and LNG-related solutions making up close to 60% of new orders secured in 2019. We should put our considerable engineering prowess and capabilities as a solution provider to work on climate change, one of the biggest challenges confronting our planet. In the process, we will also create new business opportunities.

Beyond reporting on our carbon footprint and use of scarce resources, we have committed to reducing waste, water and carbon emissions intensity. We have been tracking and reporting on our Scope 1 and 2 emissions since 2010, and will also start tracking Scope 3 emissions from this year. We have also set targets to invest in renewable energy generation.

In everything we do, we must be accountable to stakeholders and disciplined in execution. Through our OneERP programme, we are building a common digital spine through the entire organisation, and leveraging technology to enhance controls via automation, data analytics, continuous monitoring and exception reporting.

Reflecting our focus on compliance, Keppel O&M became one of the first



companies in Singapore to achieve global ISO 37001 anti-bribery certification in 2019. We will work progressively towards ISO 37001 certification for all other Keppel entities.

I am proud to share that we achieved our goal of zero fatalities across our global operations in 2019. This is the first time the group has achieved this target in over 25 years. We will continue to do our best to ensure that at all our work places, everyone goes home safe, every day.

A recent study revealed that Keppel is widely regarded by internal and external stakeholders as a trusted and reliable company. This reputation has been painstakingly built over the years, and we must work hard to uphold it. At the same time, to stay ahead in an era of rapid change, Keppel must continue to evolve to remain relevant.

### Future focus

Last year, we held a Vision 2030 exercise, where about 30 younger Keppel business leaders were tasked to paint their visions for the company. There were many interesting and contrasting ideas presented, but also significant areas of convergence, such as the



need to focus and build on our core strengths, divest non-core businesses, tap third party funds for growth, and build an agile organisational culture. We will take on board these ideas as we chart the company's 2030 vision, with interim targets for 2025. We will share more on Vision 2030 later this year.

Keppelites form the bedrock of the company. We are committed to people development and building an organisation where staff are engaged and motivated to give their best. I am pleased to see that our Employee Engagement Score has risen steadily, from 80% in 2015, to 82% in 2017 to 86% in 2019, significantly higher than the average of 76% among Singapore companies.

This strong organisational health is underpinned by our common purpose, which gives meaning to what we do. Keppelites are invigorated by how the company is contributing to a more sustainable world. In the same engagement survey, more than 90% of Keppelites also indicated that they were proud of Keppel's CSR efforts, whether it is helping the less fortunate, greening the environment, promoting education or supporting the arts. Keppel will continue to make a positive impact on the community, wherever we operate.

Last October, Temasek, through its indirect wholly-owned subsidiary, announced a voluntary pre-conditional partial offer to acquire



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1. Floating data centre park.
2. Renewables - Offshore wind project.
3. President Halimah Yacob (seated, left) graced the launch of Keppel's partnership with SPD to support its sheltered workshop programme which aims to empower persons with disabilities.
4. Volunteers across the Keppel Group spent the morning planting trees in support of NParks' Forest Restoration Action Plan.



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operating and managing specialised assets, capital and asset management, and growing new businesses aligned with these competencies. Through our integrated business model, we seek to create value across the group, and improve both the magnitude and quality of our earnings with more recurring income, while enhancing returns through active capital recycling. Our vision is for Keppel to be one integrated business providing solutions for sustainable urbanisation.

I thank Keppelites and our different stakeholders for your unstinting support and confidence in the company. I look forward to working with everyone to forge a stronger Keppel, and build a sustainable future.

I wish you and your loved ones good health and happiness in 2020. ✓

**LOH CHIN HUA**  
CEO, KEPPEL CORPORATION

an additional 30.55% of shares in Keppel Corporation. If successful, the partial offer will result in Temasek and the offeror owning an aggregate 51% of Keppel. We are unable to comment on the offer, but we share the view that there is inherent long-term value in Keppel's businesses. As always, we will endeavour to deliver value for all our stakeholders.

#### **What is Keppel today?**

To conclude, Keppel today is not just a group of unrelated companies which share a name, but an eco-system of companies, collaborating to provide solutions for a fast urbanising world. We are harnessing the group's capabilities and proven track record in engineering, project development,



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## M1's transformation

"We have a clear plan for the transformation of M1. There will be challenges ahead but we are confident of overcoming these and creating value for all stakeholders," said Mr Loh Chin Hua, CEO of Keppel Corporation, to some 30 sell-side analysts covering the industrial and telco sectors.

Held on 23 October 2019, Mr Loh was joined by Mr Manjot Singh Mann, CEO of M1, Mr Chan Hon Chew, CFO of Keppel Corporation, Mr Lee Kok Chew, CFO of M1, as well as senior management from both Keppel Corporation and M1 at this analyst briefing on M1's business transformation.

As part of the Keppel Group, M1 is being transformed from a telco into a provider of connectivity solutions. In his presentation, Mr Mann shared four major themes of M1's strategy, namely: strengthening the consumer business, developing future growth engines, building digital capabilities, and driving regional expansion.

During the year, M1 started multi-vendor 5G trials. M1 will be working closely with government agencies, industry players, partners and institutes of higher learning to co-develop use cases for selected markets and jointly bring new, innovative and smart applications that leverage 5G technology to the market. Mr Mann

added that many of the use cases being developed by M1 can also be test-bedded, ahead of the 5G rollout in Singapore.

Responding to questions on synergies with the Group, Mr Mann said, "As part of the Keppel Group, M1 will also collaborate with other business units to create smarter connectivity solutions in the areas of Offshore & Marine, Data Centres and Urban Solutions.

"Currently, less than 2% of household customers are common across Keppel Electric, City Gas and M1. We see huge opportunities in cross-selling services across the consumer businesses, and increasing our share of customers' wallets."

## Driving our digital future

As the world's connectivity needs grow and evolve, 5G technology presents opportunities for people, businesses, cities and industries to become more connected, smarter, and more sustainable. In response to the Info-communications Media Development Authority's (IMDA) plans to roll out 5G networks in Singapore in 2020, M1 and StarHub announced on 23 January 2020 that they have signed an exclusive agreement to cooperate and submit a joint bid for a 5G licence.

M1 has also made significant headway into 5G development and trials in the past year to support Singapore's ongoing transition into a global innovation hub for research into 5G connected mobility solutions.

In January 2020, M1 and Singapore Institute of Technology (SIT) signed a research collaboration agreement to develop advanced artificial intelligence (AI) deep learning algorithms and methodology to improve the planning, operations and maintenance of large and complex mobile networks. In order to meet the diverse requirements of emerging mobile

applications and address the complexity of the impending 5G network deployment, this partnership will see M1 and SIT deep dive into the development of AI solutions to reduce manual observation and analysis of the huge amount of network key performance indicators, which are labour intensive and may be prone to error.

This latest tie-up comes after M1 inked a partnership with Nanyang Technological University in October 2019, to develop Singapore's first 5G cellular vehicle-to-everything (C-V2X) research testbed and trials. C-V2X communications is used to enhance safety by relaying real-time traffic navigation and hazard information to users in advance. It can send traffic warning notifications at road junctions, which helps optimise road usage by reducing travelling time and minimising the risk of accidents.

In the same month, M1 announced its partnership with famous hot pot brand Haidilao to set up a trial 5G network for Haidilao's new store at Marina Square, featuring self-developed smart machines such as an Intelligent Kitchen Management

System, a customised automatic soup base machine, and food delivery robots.

Earlier in 2019, M1 won a 5G Trial Tech Call from IMDA and PSA Corporation Ltd to study 5G performance and capabilities for port applications, including tele-remote control of port equipment and enhancement of automated guided vehicles operations. The company also signed a research collaboration with Singapore University of Technology and Design to study the remote operation of tactile robots using 5G technology, further supporting Singapore's Smart Nation transformation journey.

M1's connectivity solutions also hold great potential for Keppel's businesses. Since early 2019, M1 has been collaborating with Keppel Offshore & Marine on what is expected to be one of Singapore's first autonomous vessels. The project leverages M1's ultra-low latency 4.5G network connectivity to establish standards and data transfer links for ship-to-shore communication between the autonomous tug and the onshore command centre.



1. Mr Loh Chin Hua, CEO of Keppel Corporation, Mr Manjot Singh Mann, CEO of M1, and senior management from Keppel Corporation and M1 engaged sell-side analysts on M1's transformation plans.
2. On 23 January 2020, M1 and StarHub announced that they have signed an exclusive agreement to cooperate and submit a joint bid for a 5G licence.

# Building a better world

Around the world, many cities are facing urbanisation challenges brought about by growing populations, land constraints, and environmental issues. Keppel Infrastructure is investing in and leveraging its technology to contribute to cleaner environments for these fast-urbanising cities.

## Creating cleaner environments

At present, Keppel Seghers' extensive range of solutions for wastewater treatment and water recycling supports the safe and reliable management of municipal and industrial effluent. In terms of waste management, its proprietary waste-to-energy (WTE) technology also significantly reduces the volume of solid waste to be landfilled by up to 90%, extending the lifespan of landfills and reducing greenhouse gases that are released in landfills.

Keppel Seghers further strengthened its position as a leading provider of environmental solutions with a \$5 million investment to acquire an 18.18% stake in Zerowaste Asia on 16 December 2019. Zerowaste Asia is a Singapore-based company that offers one-stop environmental solutions in industrial waste and wastewater treatment. Their proprietary technology removes heavy metals and pollutants from waste and recycles detoxified waste into materials suitable for land reclamation and

construction. Wastewater can also be repurposed for industrial operations or be further treated to meet increasingly stringent disposal criteria.

On 20 January 2020, Keppel Seghers also secured contracts to supply WTE technology and services worth over EUR \$12 million (approximately \$18 million) from Abellon Clean Energy Limited based out of Gujarat in India. These WTE projects would be first-of-their-kind in Gujarat.

1



Keppel Seghers will provide the core equipment, design, and technical services for the plant's air-cooled grate and vertical boiler, which are designed to achieve efficient energy recovery and operational reliability. When completed, the facility can effectively reduce the volume of waste that goes to landfills by over 90%.

As one of the most populous nations in the world, India produces one of the highest amounts of municipal solid waste, with only a fraction of it being treated, and the majority of the waste either landfilled or disposed in open areas.

#### Providing energy solutions

On 16 January 2020, Keppel Infrastructure also announced the completion of the acquisition of a 20% stake in MET Group, a Swiss-based European energy company. In addition to the investment, the two companies entered into a strategic partnership to jointly explore investment opportunities focusing on European energy infrastructure assets.

As one of the largest independent energy suppliers in Central and Eastern Europe, MET Group provides Keppel access to a diverse portfolio of natural gas and electricity customers, allowing Keppel to strengthen its presence in the natural gas, power and oil markets.

In alignment with Keppel's growing focus on renewables, MET Group also has ambitious plans for its renewable energy strategy, and is involved in the construction of a 17.6 MW Dunai Solar Park, one of the biggest solar power plants in Hungary. ✓

1. The WTE plants in Gujarat, India, will feature Keppel Seghers' proprietary technology which is designed to achieve efficient energy recovery, operational reliability, and create cleaner environments.
2. Keppel Capital has entered into a conditional sales and purchase agreement to acquire 50% interest in Pierfront Capital, which will act as the investment manager of Keppel-Pierfront Private Credit Funds.

## Strategic acquisitions

Keppel Capital, through its wholly-owned subsidiary, KC Management One, has entered into a conditional sales and purchase agreement on 13 November 2019 to acquire a 50% interest in Pierfront Capital Fund Management (Pierfront Capital) from Pierfront Capital Mezzanine Fund (PCMF) for an aggregate cash consideration of approximately US\$7.8 million (approximately \$10.8 million).

Pierfront Capital is a wholly-owned subsidiary of PCMF, a Singapore-based alternative credit investment company in which Temasek and Sumitomo Mitsui Banking Corporation hold approximately 90.91% and 9.09% interests respectively.

Pierfront Capital will act as the investment manager of Keppel-Pierfront Private Credit Funds, a series of funds that would be established to provide credit to corporates or projects in the real asset sectors.

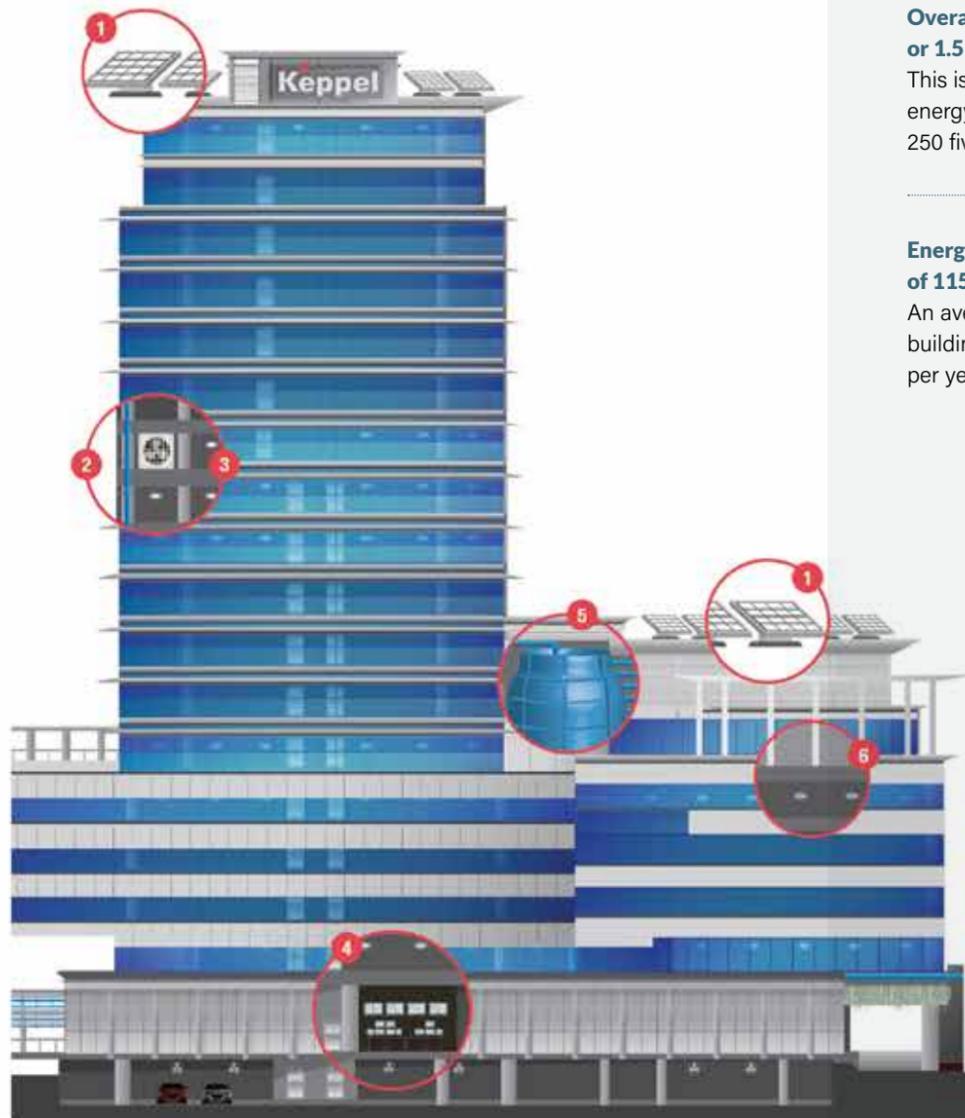
Ms Christina Tan, CEO of Keppel Capital, said, "The strategic acquisition of a stake in Pierfront Capital allows Keppel Capital to manage mezzanine loans for private debt, while extending our fund management capabilities beyond the equity layer of the capital stack. The private mezzanine debt for real estate and infrastructure projects is a growing asset class, and we are confident that Keppel-Pierfront Private Credit Funds will be well-positioned to capture investment opportunities and create value for investors and the Keppel Group." ✓



## Harnessing renewables

Keppel Bay Tower is the first commercial development in Singapore to utilise renewable energy to power all its operations, as well as the offices of tenants in the building.

Since 1 January 2020, Keppel Land has, through its electricity retailer Keppel Electric, been purchasing renewable energy certificates which are generated from solar panels installed in Keppel Offshore & Marine's (Keppel O&M) yards in Singapore. Keppel Land will also be installing solar panels on the roof of Keppel Bay Tower and has implemented new and emerging technologies to improve the building's energy efficiency by 20%. These initiatives are part of Keppel's continued efforts to transform Keppel Bay Tower, which is a BCA Green Mark Platinum building, into Singapore's first Super Low-Energy High-Rise Existing Commercial Building. ✓



### Reduction of over 2,400 tonnes of carbon emissions per annum

Renewable energy certificates generated from solar panels installed in Keppel O&M's yards in Singapore, combined with clean energy from the installation of solar panels at Keppel Bay Tower, will result in a reduction of over 2,400 tonnes of carbon emissions per annum – an amount which would otherwise require about 12,000 trees to absorb over about 50 years.

### Overall energy savings of 20% or 1.5 million kWh/year

This is equivalent to the amount of energy required to power more than 250 five-room HDB flats for a year.

### Energy Efficiency Index (EEI) of 115 kWh/m<sup>2</sup> per year

An average Green Mark Platinum building has an EEI of 145 kWh/m<sup>2</sup> per year.

## Quality in execution

With a strong foundation in engineering and extensive project management experience, Keppel Offshore & Marine (Keppel O&M) ensures quality at every stage of the project. In the past quarter, it marked significant milestones for a range of vessels.

### Semisubmersible

Keppel O&M commenced construction of the second midwater harsh environment drilling semisubmersible unit for Awilco Drilling with the strike steel ceremony held on 1 November 2019. Scheduled for completion in 2022, the rig is able to work in the harshest environments of North West Europe, including the Barents Sea.

### Dredger

In the same month, Keppel O&M commenced construction of the second high-specification Trailing Suction Hopper Dredger (TSHD) for Van Oord. The strike steel ceremony was held on 6 November 2019. The 10,500m<sup>3</sup> dredger is scheduled for delivery in 2021 and will be equipped with dual-fuel systems capable of running on LNG.

### LNG bunkering vessel

Construction of the ice-class LNG bunkering vessel for Shturman Koshelev LLC is on schedule and the project marked the laying of the keel on 17 December 2019. To be built to a proprietary design of Keppel O&M's ship design and development arm, Marine Technology Development, the vessel will operate in the Baltic Sea when completed in end 2020. ✓

### Smart, eco-features of Keppel Bay Tower

- Solar Panel System** allows the harvesting of about 100,000 kWh per annum.
- Energy Efficient Air Distribution System** features an air handling unit fan which is about 25% more energy efficient than other best-in-class technologies.
- Demand Control Fresh Air Intake System** utilises integrated sensors to regulate fresh air intake according to indoor activities, optimising energy usage for better thermal comfort and indoor environmental quality.
- Intelligent Building Control System** employs a high precision physics-based simulation engine to improve data analytics and control.
- Cooling Tower Water Management System** utilises a patented solution that reduces cooling tower water usage and eliminates the need for chemical water treatment.
- Smart Lighting System** utilises occupancy sensors which allow seamless transition in lighting levels according to building occupancy.

# Spurring innovation

## KTAP meeting

The annual Keppel Technology Advisory Panel (KTAP) meeting, organised by Keppel Technology & Innovation (KTI), was held on 25 and 26 November 2019 at Keppel Leadership Institute. Around 100 participants, including members of Keppel Corporation's Board of Directors and senior management from across the Group, joined the session which was centred on four themes, namely energy transitions, energy efficiency, digitalisation and innovation investing.

In his opening remarks, Prof Ng Wun Jern, Chairman of KTAP, highlighted that KTAP's role has substantially evolved over the past three years. KTAP has broadened its agenda to cover themes

like sustainable urbanisation, where it evaluates business viability alongside the technical feasibility of new and existing projects. In addition, KTAP has been actively involved in broadening Keppel's network of investment and industry contacts.

Prof Ng also welcomed new KTAP member Dr Romain Debarre, who currently serves as MD of A.T. Kearney Energy Transition Institute. Dr Debarre kicked off the presentations with a sharing on energy transitions, where he spoke on global trends and opportunities in wind, solar and hydrogen power. Speaking on energy efficiency, Mr Julien Mialaret, Operating Partner at Idivest, shared his framework for smart cities and

highlighted several energy management solutions offered by startups.

Digitalisation and innovation investing were also key topics at the meeting. Associate Prof Tan Tin Wee, Chief Executive of the National Supercomputing Centre Singapore and Keppel DC REIT board member, presented on the latest progress in quantum computing, both from the technological perspective as well as its societal implications.

Wrapping up the presentations were Ms Cheah Sui Ling, Operating Partner of Wavemaker Partner, who spoke on venture capital investment trends, and Mr Denes Ban, Managing Partner of



1. Dr Lee Boon Yang (second from right), Chairman of Keppel Corporation, and Mr Loh Chin Hua (second from left), CEO of Keppel Corporation, together with KTAP members (from left to right) Prof Stefan Thomke, Mr Peter Noble, Prof Ng Wun Jern, Mr Chua Kee Lock, Dr Romain Debarre.

2. Keppel REIT's \$150 million green loan can be used to finance or refinance eligible green projects, which includes Ocean Financial Centre (pictured).

OurCrowd, who shared OurCrowd's experience in scouting technology solutions for Keppel from the Israeli innovation community.

In closing, Prof Ng encouraged attendees to explore different models of innovation, including venture capital investing which will accelerate the Group's access to near-commercial stage solutions while managing risk and innovation costs.

### Venture INC

KTI's newest ideation and incubation initiative, Venture INC, kicked off in December 2019 with an ideation sprint.

Over the four-day workshop, 23 shortlisted participants from across the Group were guided by innovation experts Rainmaking on ideating and refining business model ideas that could potentially deliver new value to existing or new customers.

On the final day, nine business cases were pitched to a judging panel comprising senior management from Keppel, as well as venture capitalists from Wavemaker, DBS and EDB New Ventures.

The ideas shortlisted for further incubation include solutions for waste in the marine environment, enhanced worker safety and smart homes. The shortlisted teams will enter a three-month incubation programme guided by Rainmaking mentors to start developing their ideas into potential new ventures for Keppel. ✓

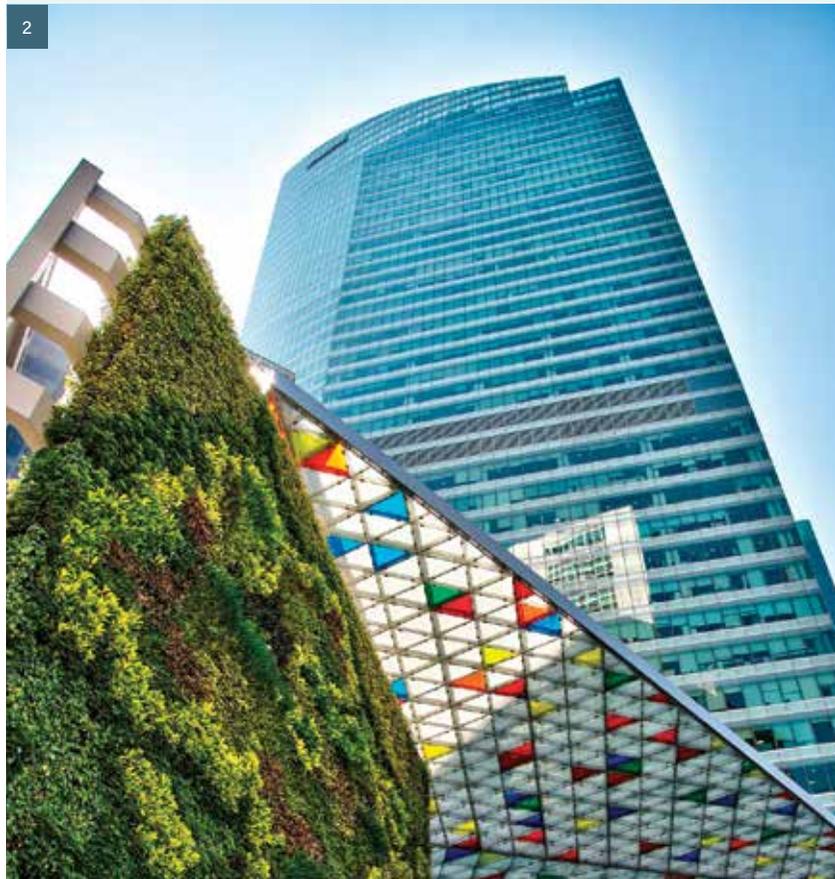
# Green loan

## for Keppel REIT

Keppel REIT has increased its sustainability-focused funding with a \$150 million green loan facility in December 2019. This latest green loan facility can be used to finance or refinance eligible green projects and fund the further growth of Keppel REIT's green building portfolio.

The Manager has also established the Keppel REIT Green Loan Framework, which comprises four core elements that relate to the use of proceeds, project evaluation and selection process, management of proceeds as well as reporting process.

Mr Paul Tham, CEO of the Manager, said, "Sustainability is a key tenet of Keppel REIT's strategy. This commitment extends beyond upholding high environmental standards at our properties, but also covers our financing. Our Green Loan Framework will provide a clear and structured guide for Keppel REIT as we grow our proportion of green funding sources in our continued drive to build a sustainable future." ✓



# Safety 4.0

Keppel is committed to providing a safe workplace for all its stakeholders. The 13th edition of the Keppel Group Safety Convention was held in November 2019. Separately, safety site visits were conducted for members of the Group's Board Safety Committees (BSC) and senior management.

## 13th Keppel Group Safety Convention

"Keppel has been transforming itself, acquiring new capabilities and harnessing technology both in business and in safety," shared Mr Loh Chin Hua, CEO of Keppel Corporation, in his opening address at the 13th Keppel Group Safety Convention on 5 November 2019.

The annual event, themed 'Safety 4.0', was attended by close to 400 participants including board members, management, employees, union members, contractors and subcontractors, partners and business associates.

In his address, Mr Loh added that Keppel's safety processes have been evolving in tandem with the global transition to Industry 4.0, citing examples such as Keppel Offshore & Marine's (Keppel O&M) piloting of a smart



watch that can monitor heart rate, track location, and detect falls and distress calls, as well as Keppel Land's use of radio-frequency identification devices to alert machine operators and workers of safety hazards. These initiatives are in line with the Ministry of Manpower's (MOM) Workplace Safety and Health (WSH) 2028 Vision, which promotes technology-enabled WSH.

Guest-of-Honour Mr Silas Sng, Commissioner for WSH at MOM, commended Keppel for investing in the safety and health of its workforce. He encouraged Keppel to continue facilitating a business environment that favours companies with good safety practices.

Other speakers included guest speaker Mr Tony Lombardo, CEO Asia of Lendlease, who spoke on driving transformational WSH change, and Mr R K Jaggi, GM of Group Health, Safety & Environment (HSE) at Keppel Corporation, who presented on Keppel's transformational roadmap to digitalisation in safety.

The audience also enjoyed an interactive panel session with the HSE Heads of Keppel's business units. The speakers shared their views on improving safety policies and processes across the Group as well as overcoming challenges associated with new technologies.

To recognise Keppelites for their outstanding contributions to safety and innovation, individual Keppel Group Safety Awards and Safety Innovation Team Awards were presented. The coveted Chairman's Safety Challenge Trophy for 2019 was awarded to Keppel O&M (Conversions and Repairs) for its strong safety performance as well as innovative safety projects and initiatives.

In his closing remarks, Mr Tan Ek Kia, Chairman of the Keppel Corporation BSC, emphasised the importance of bolstering the company's safety culture and encouraged Keppelites to continue making Keppel a safe and great place to work.



1. The annual Keppel Group Safety Convention is a valuable platform for all stakeholders to reaffirm their commitment to safety.
2. The coveted Chairman's Safety Challenge Trophy for 2019 was awarded to Keppel O&M (Conversions and Repairs) for its strong safety performance.

### Site visits

Keppel Corporation's BSC members and senior management make regular safety site visits to the Group's operations to engage staff and understand safety challenges faced by staff on the ground.

In November 2019, Dr Lee Boon Yang, Chairman of Keppel Corporation, Mr Loh Chin Hua, CEO of Keppel Corporation, and Keppel Land senior management visited Garden Residences where they were briefed on the sites' safety processes. Dr Lee and Mr Loh, together with Mr Tan Ek Kia, Chairman of Keppel Corporation's BSC, Ms Christina Tan, CEO of Keppel Capital, and Mr Matthew Pollard, CEO of Keppel Infrastructure

Fund Management, also visited City Gas. Outside of Singapore, Mr Loh, Ms Tan, and Mr Pollard made their first safety visit to Ixom's industrial chemicals treatment and distribution plant in Melbourne. Ixom was acquired by Keppel Infrastructure Trust in February 2019.

Keppel's management team, led by Mr Loh, together with Keppel O&M BSC members - Mr Tan, Mr Lim Chin Leong, Chairman of Keppel O&M BSC, and Mr Chris Ong, CEO of Keppel O&M - started the year with a safety visit to Keppel Shipyard on 10 January 2020, where they were briefed on safety measures and developments for the Gimi Floating Liquefaction Vessel (FLNG) project. ✓

1. Keppel senior management and Keppel O&M BSC members were briefed on safety measures at a safety visit to Keppel Shipyard on 10 January 2020.
2. All of Keppel O&M's yards have undergone a strict compliance exercise and achieved ISO 37001 certification by November 2019.





## Commitment to compliance

Keppel Offshore & Marine (Keppel O&M) is one of the first companies in Singapore to achieve global certification for the ISO 37001 Anti-Bribery Management System (ABMS). Following the certification of Keppel O&M's Singapore-based subsidiaries at the end of 2018, all its overseas business units, which include those in the United States, Brazil, China, the Philippines, the United Arab Emirates, India and Bulgaria have also achieved certification.

The ISO 37001 Standard is the first and only international ISO Standard relating to compliance programmes and anti-bribery management systems. As part of the certification, the Keppel O&M business units implemented a series of globally recognised anti-bribery measures, which include anti-bribery policy; procedures and training; financial, procurement and contractual controls; third-party risk assessments and due diligence; as well as reporting, monitoring and investigation

procedures, which are conducted on a regular basis.

Mr Chris Ong, CEO of Keppel O&M, said, "Keppel O&M is proud to have achieved the ISO 37001 global certification. This has been a very thorough exercise and we have put in place a robust compliance system across all our operations worldwide. We are committed to the highest level of integrity in the conduct of our business, and will continue to engage all our stakeholders to strengthen our compliance programme."

Mr Dave Cheng, Managing Director of Socotec Certification Singapore, added, "The ISO 37001 certification is a rigorous exercise that ensures the effectiveness of Keppel O&M's Anti-Bribery Management System. I would like to commend the management and staff of Keppel O&M for fostering a culture of transparency and compliance that is essential in preventing bribery and corruption at all levels."

## Strengthening engagement

in Shanghai

On 3 January 2020, Mr Ben Lee, President of Keppel Land China, called on Mr Yu Yong, Head of Jing'an District, Shanghai, during which Mr Lee shared with Mr Yu the company's long-term plans in the district. Mr Yu expressed strong support for Keppel Land's plans.

Keppel Land is one of the first foreign developers to enter the Shanghai market, one of the company's key focus cities in China. To date, it has established a strong foothold in the Jing'an District with two well-received residential projects – One Park Avenue and 8 Park Avenue. The upcoming office-cum-retail development, Park Avenue Central, is envisaged to be an iconic development in the precinct.

## Celebrating camaraderie

On 5 December 2019, about 120 Keppel Fellows, Keppel Corporation directors and senior management from across the Group enjoyed a get together at the Marina Bay Sands for dinner followed by the award-winning production 'Sweeney Todd: The Demon Barber of Fleet Street!'

It was a night to celebrate camaraderie and show appreciation for those who have contributed to Keppel's development over the past decades. ✓



1. (From left to right) Mr Robert Chong, former Director, Group HR, Keppel Corporation; Ms Wang Look Fung, Chairperson of Keppel Fellows and former Director, Group Corporate Affairs; and Mr Loh Chin Hua, CEO, Keppel Corporation.
2. (From left to right) Mr Loh Wing Siew, former MD, Keppel Shipyard; Dr Lee Boon Yang, Chairman, Keppel Corporation; Mr Tony Chew, former Board Director, Keppel Corporation; and Mr Niam Chiang Meng, former Board Director, Keppel Land.
3. (From left to right) Mr Ho Cheok Yuen, former President, Keppel AmFELS; Mrs Ho Cheok Yuen; Mrs David Chin; Mr David Chin, former ED of the Singapore Maritime Foundation; Mr Loh Meng See, former Board Director, Keppel Singmarine and k1 Ventures; Mrs Loh Meng See; Mr Lim Siam Kim, former Board Director, Keppel Singmarine and k1 Ventures; Mrs Lim Siam Kim; Mr Stanley Tok, Deputy Director, HR, M1; and Mr Yeo Meng Hin (standing), Director, Group HR, Keppel Corporation.
4. (From left to right) Mr Kevin Wong, former CEO, Keppel Land; Mr Tan Swee Yiow, CEO, Keppel Land; and Mr Edward Lee, former Board Director, Keppel Land, with his daughter.

## Employer of choice

Keppel has been certified as a Top Employer Singapore for 2020 by the Top Employers Institute, an internationally renowned global certification body that recognises excellence in people practices.

Mr Yeo Meng Hin, Director, Group HR, Keppel Corporation, said, "We are very pleased to attain the Top Employers certification. We will continue to transform our HR practices to support Keppel's mission of providing solutions for sustainable urbanisation." ✓



## Crossing borders

Keppel Young Leaders (KYL) continued with its Leaders' Dialogue and Kopi with KYL series, themed 'Crossing Borders', with two sharing sessions in November.

On 19 November 2019, Mr Ho Kiam Kheong, India Representative at Keppel Corporation and President of Keppel Land India, shared with some 40 Keppelites about his experience working in India, as well as his take on India's property market and opportunities for Keppel Land.

On 14 November 2019, Dr Dennis Khoo, Regional Head of TMRW Digital Bank at UOB, engaged Keppelites in a dialogue on establishing effective B2C business models. Dr Khoo spoke on his experience in establishing UOB's TMRW digital banking solutions and best practices in leveraging technology to improve customer engagement. ✓

## Competition heats up

Keppelites across the Group continued to bond through sports at the 2019/2020 Keppel Games, where Citius, Altius and Fortius teams battled neck and neck in the volleyball, bowling and dragonboat challenges.

Hard serves and powerful spikes were the order of the day at the volleyball challenge on 26 October 2019. After an impressive display of skills and teamwork by all three teams, it was Team Fortius who bagged the volleyball challenge trophy.

The teams crossed swords again at the bowling challenge on 24 November 2019, where the audience was treated to an entertaining

showcase of different techniques and handiness. After a morning of intense competition, Team Citius clinched the overall champion position.

2020 kicked off with the teams vying to win the dragonboat challenge on 18 January. Despite the blistering heat, rowers displayed a united front and raced with strength, determination and impressive synchrony. After a gruelling day of competition, paddlers from Team Altius emerged triumphant.

As the Grand Finale in March approaches, the competition for the upcoming basketball, tennis and soccer challenges will only intensify. Stay tuned! 🚀

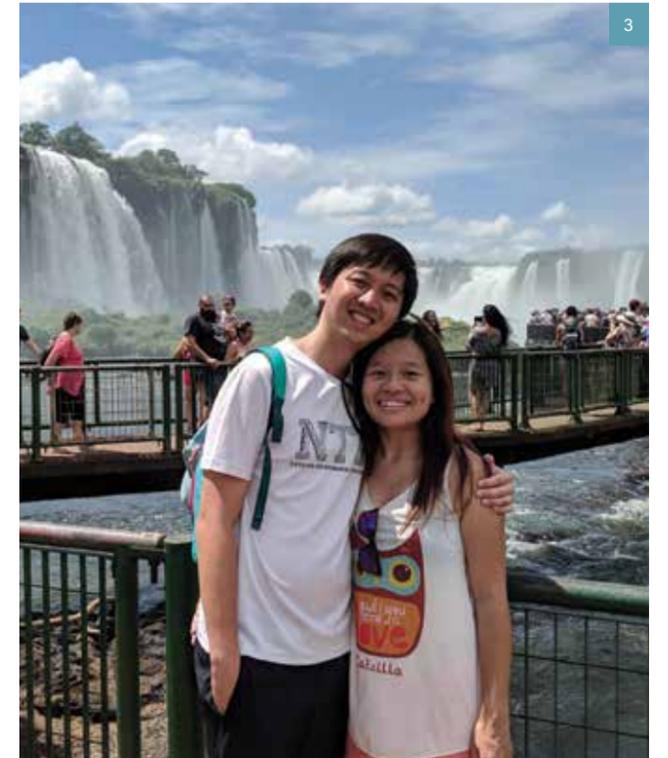
## Home away from home

Keppel values the contributions of foreign workers. As part of the International Migrants' Day celebrations held on 15 December 2019, a 2.4m x 3.8m mural was unveiled at Acacia Lodge, one of Keppel Housing's dormitories. The 'Colour My Dorm' initiative was co-organised by Singapore's Ministry of Manpower and Ministry of Social and Family Development, and involved youth probationers working with foreign workers from Acacia Lodge to paint the mural.

Kaliaperumal Sasikumar, Technician at Alpine Engineering Services, said, "I am very happy with the painting because it shows cricket which is a sport I love. I helped with the painting too. The youths were very good, they taught us how to mix the paint and do the painting. We also talked a lot and I told them all about cricket!" 🚀



1. The rowers displayed tremendous teamwork and determination as they raced neck and neck under the blistering heat.
2. The mural signifies the zest of foreign workers, such as Kaliaperumal Sasikumar (pictured) from India, to live life to the fullest when working in Singapore.
3. Jason and his wife travelled to the famed Iguazu Falls located at Foz do Iguazu, Brazil.



## Relishing challenges

As a young professional in the finance industry, Jason Tan did not expect to be posted halfway across the world. However, when he was offered a role in BrasFELS, Keppel Offshore & Marine's yard in Brazil, Jason relished the challenge.

So in July 2018, he and his wife relocated to Angra dos Reis, Brazil, and the young couple began their adventure in a foreign land, despite not knowing the native language. Having spent around one and a half years in the South American country, they now know their way around.

"At first, it was a challenge adapting to the new environment. We could not communicate very well with the locals and even had trouble ordering our meals in restaurants. However, we have since

picked up some of the local lingo and are much more settled into the local operating environment. We also had support from family, friends, as well as the company and colleagues, and that helped us a lot."

In his role as Financial Controller of BrasFELS, Jason oversees the finance functions of the Keppel Group of companies in Brazil.

He was actively involved in the Brazil implementation of Project Autobots, a Keppel Group-wide project to adopt a single Enterprise Resource Planning platform and Finance Shared Services Centre. As part of the project, he worked with external consultants and internal stakeholders to implement the new systems and processes,

and customise them to cater to the requirements of local regulations.

Jason and his wife spend their free time hunting for new food experiences and travel destinations. Last year, they travelled westwards to Foz do Iguazu and visited the famed Iguazu Falls, one of the world's largest waterfalls. The speedboat tour took them underneath some of the waterfalls as they enjoyed nature's beautiful spectacle.

When asked for advice to fellow Keppelites, Jason said, "Keep an open mind to experience new cultures and learn from locals. Always observe the people and environment around you, as from them, you will learn the local practices and cultural nuances." 🚀

Spotlight on:

## Chua Hsien Yang

Data centres are a growing business for Keppel. Today, the Group has 25 data centres spanning 10 countries. *Keppelite* speaks to Mr Chua Hsien Yang, CEO of Keppel DC REIT Management, about his professional journey, the growth of Keppel DC REIT, the future of the data centre business, and his interests outside of work.

**Q. When did you join Keppel? Could you share some details about your journey?**

I joined the Group 12 years ago, in 2008, as a member of Keppel REIT Management's investment team.

In 2014, I was given the opportunity to join Keppel DC REIT Management, the Manager of Keppel DC REIT. Our first task was to prepare for the REIT's initial public offering (IPO). Keppel DC REIT made its debut on the Mainboard of the Singapore Exchange on 12 December 2014 at an IPO price of \$0.93 per Unit. Keppel DC REIT closed at \$2.26 per Unit on 31 January 2020. Since IPO, we have added nine properties to the REIT's initial portfolio of eight assets and grown its assets under management from \$1.0 billion to \$2.6 billion as at 31 December 2019.

In my time with Keppel, I was fortunate to have mentors who provided guidance and support, and dedicated colleagues who are as excited as I am about the data centre industry.

**Q. Could you share more about the IPO of Keppel DC REIT? And how the market's understanding of the REIT has changed since then?**

Keppel DC REIT is the first data centre REIT to be listed in Asia. It is therefore not surprising that in 2014, data

centres were a relatively little-known asset class. There was initial hesitation from investors to participate in the IPO, and we had to pull out all the stops to engage the investment community.

I must say that Keppel was ahead of the curve in perceiving demand for data centres, and this has allowed the REIT to draw on the capabilities of the Group. Keppel Telecommunications & Transportation (Keppel T&T), as the sponsor of the REIT, as well as Keppel Capital, who has set up the Alpha Data Centre Fund, will continue to provide a visible acquisition pipeline for the REIT.

Today, Keppel DC REIT has gained greater visibility with the investment community. This is due to factors such as its strong performance, scale and quality of its acquisitions as well as regular dialogues with the investment community. Last year, Keppel DC REIT was included in the FTSE EPRA Nareit Global Developed Index and the GPR 250 Index Series, further enhancing its visibility.

**Q. For you, how was the transition from working with more traditional real estate assets to data centres? And how do you and your team stay on top of the data centre industry?**

The initial learning curve was steep as I needed to pick up a fair amount of data centre knowledge in a very short time.

My engineering background definitely came in handy and accelerated my learning about the technical aspects of data centre operations. In addition, other knowledge areas and skillsets such as REIT management and capital management are transferrable.

To stay on the pulse of the data centre industry, we encourage our staff to regularly engage our customers and participate in industry events. While Keppel DC REIT has certain first-mover advantages, we must continue to grow, improve and innovate to remain relevant.

**Q. How do you think the data centre industry will continue to evolve in the near future?**

Data centres are gaining acceptance as a mainstream real estate asset class that is resilient and offers exciting growth. The data centre market is expanding in a big way driven by factors such as technological advancements, increasing data consumption and rapid digital transformation. In addition, the rollout of the 5G network is expected to be another game-changer for the industry.



“To stay on the pulse of the data centre industry, we encourage our staff to regularly engage our customers and participate in industry events. While Keppel DC REIT has certain first-mover advantages, we must continue to grow, improve and innovate to remain relevant.”

**Mr Chua Hsien Yang,**  
CEO of Keppel DC REIT Management

**Q. What is the work culture at Keppel DC REIT Management like? And how do you encourage staff bonding?**

Currently, the Manager has 20 employees. We have a flat hierarchy that fosters an open culture, and actively encourage our team to share their ideas.

Recently, Keppel Capital acquired a Chinese gong. And all Keppel Capital business units, including the Manager, have been asked to strike the gong when a deal is completed. Apart from injecting more fun into the office, it is a great way for Keppelites to share their joy and celebrate together.

**Q. Could you share your thoughts on volunteerism?**

Last year, I participated in a few activities organised by Keppel Capital, which includes urban farming with the seniors of Thye Hua Kwan Senior

Services @ Taman Jurong and prating with the youths from the Muscular Dystrophy Association (Singapore). My family also volunteered at a few other community activities organised by our church.

I enjoy volunteering with my family and colleagues. I think we have a duty to give back to society.

**Q. What TV shows or movies have you watched recently?**

I am currently watching the third season of “The Good Place”. The hit comedy series is a good introduction to the works of philosophers through the ages. It also carries an inspiring message about compassion and humanity’s capacity for change.

As I have a seven-year-old daughter, I also recently watched Frozen 2 with her. I have to say, we both enjoyed it. ✓

# Empowering persons with disabilities

**Keppel commits \$500,000 and contributes capabilities to enhance the SPD Sheltered Workshop.**

Keppel Corporation has, through its philanthropic arm, Keppel Care Foundation, pledged \$500,000 over the next three years to support the sheltered workshop programme run by SPD, a local charity supporting persons with disabilities, helping it to stay relevant, current and economically viable in the longer term.

The partnership was launched on 3 December 2019 by Guest-of-Honour President Halimah Yacob, together with Ms Chia Yong Yong, President of SPD, Dr Lee Boon Yang, Chairman of Keppel Corporation, and Mr Loh Chin Hua, CEO of Keppel Corporation, on the occasion of

the annual United Nations International Day of Persons with Disabilities.

The SPD Sheltered Workshop supported by Keppel aims to help persons with disabilities improve their job prospects through providing vocational training, therapy and employment support services. Beyond financial support, Keppel will further contribute to enhancing the sheltered workshop programme through skills-based volunteerism and by organising activities to engage SPD's clients.

Dr Lee Boon Yang, Chairman of Keppel Corporation, said, "Keppel aims to make a positive impact in the community

wherever we operate. Our partnership with SPD seeks to empower persons with disabilities and improve their employability. Through our skills-based volunteerism programme, young leaders from Keppel will bring the Group's diverse capabilities in areas such as engineering, workplace safety, business development and marketing to improve the efficiency and financial viability of the Sheltered Workshop."

Enhancements to the Sheltered Workshop will include improvements to its process efficiency and safety measures, the development of a new apprenticeship programme for trainees with higher work



support needs, and a new product line to refresh the workshop's offerings of gift products.

Trainees like 26-year-old Alvin Tey will get a better chance at achieving more through the new apprenticeship programme. Alvin was diagnosed with Dandy Walker Syndrome, a congenital brain malformation, low vision and speech limitations. These conditions limit the speed and quality of his work at the workshop's assembly lines. Under the apprenticeship programme, Alvin and a few other trainees are picking up skills like leather stitching that would allow them to be better engaged, while producing commercially-viable leather products for sale. "Learning sewing is not easy, but I enjoy learning new skills and making new things," said Alvin.

"Keppel Young Leaders will continue to refine the apprenticeship programme with a view to scale up production over the next two years. We will also work with SPD on marketing and branding, process optimisation and distribution," said Mr Ivan Lim, President of Keppel Young Leaders and GM of Specialised Vessels at Keppel Offshore & Marine.

Keppel's support also includes funding kerb-to-kerb transport for trainees who have difficulty commuting between the workshop and their homes due to the severity of their conditions. Such specialised transport service will make it possible for the trainees to get out of their homes and participate in the workshop's programmes. ✓

1. The partnership for the SPD Sheltered Workshop supported by Keppel was launched by President Halimah Yacob (seventh from right), together with Dr Lee Boon Yang (sixth from right), Chairman of Keppel Corporation, Ms Chia Yong Yong (front row, second from left), President of SPD, and Mr Loh Chin Hua (fifth from right), CEO of Keppel Corporation. They were joined by management from Keppel and SPD as well as Keppel Young Leaders and SPD trainees, including Alvin Tey (fourth from right).
2. Keppel Volunteers and SPD beneficiaries celebrated Singapore's birthday together at the National Day Parade National Education Show 2019.
3. Keppel Volunteers and Keppel Young Leaders jointly organised a financial literacy workshop for Sheltered Workshop trainees in November 2019.

### Enhancing life skills

Besides funding support, Keppel staff will also volunteer at SPD and befriend SPD clients through diverse activities. This year, Keppel Volunteers and Keppel Young Leaders brought a group of Sheltered Workshop trainees to attend the National Day Parade and organised a financial literacy workshop.

Sheltered workshop trainee Koh Xiang Qing was one of the participants of the financial literacy workshop. "They taught us about managing our money, which is a useful skill for us when buying things. I hope to attend more of such workshops in the future," she said.

"We will continue to work with SPD on engagement opportunities and make a positive difference in the lives of beneficiaries," said Ms Teri Liew, President of Keppel Volunteers.





## Climate action

As a solutions provider for sustainable urbanisation, Keppel is committed to support efforts in tackling climate change and conserving biodiversity.

### Restoring our forests

On 21 November 2019, 150 volunteers from across the Group, led by Dr Lee Boon Yang, Chairman of Keppel Corporation, and Mr Loh Chin Hua, CEO of Keppel Corporation, planted 150 coastal forest trees at Labrador Nature Reserve. They were joined by senior management and staff from the National Parks Board (NParks).

This initiative by Keppel supports NParks' Forest Restoration Action Plan, which seeks to strengthen the resilience of Singapore's forests to climate change and enhance biodiversity through the sustained planting of native forest species. The 150 coastal forest trees planted by Keppel are expected to sequester 21.3 tonnes of carbon dioxide over ten years.



Mr Loh Chin Hua, CEO of Keppel Corporation, said, "Keppel is committed to sustainability, both as a company providing solutions for sustainable urbanisation, and as a responsible corporate citizen. We have contributed both to the development and environmental preservation of the Southern Waterfront with our projects at Keppel Bay. Today, we are glad to contribute by planting 150 trees, a nature-

based solution to fight climate change. We look forward to working with all stakeholders to build a sustainable future."

### Creating safe habitats

On 25 October 2019, Keppel Data Centres participated in 'DC's for Bees', an initiative by Host in Ireland, which aims to reverse the rapid decline of the bee population in Ireland through the creation of safe habitats for bees.

About 2,000 saplings were planted by volunteers from Keppel Data Centres, together with participants from 19 other companies in the data centre industry. The saplings, which comprise a mix of native Oak, Birch and Rowan, will grow into trees that will provide food and shelter for animals, birds and insects, including bees. ✓



1. Volunteers across the Keppel Group spent the morning planting trees in support of NParks' Forest Restoration Action Plan.
2. Dr Lee Boon Yang (second from right), Chairman of Keppel Corporation, and Mr Loh Chin Hua (far right), CEO of Keppel Corporation, Professor Leo Tan (centre), Chairman of the Garden City Fund, Mr Kenneth Er (far left), CEO of NParks, and Mr Chan Hon Chew (second from left), CFO of Keppel Corporation, planted the *Olea brachiata*, a vulnerable tree that is native to Singapore.
3. Mr Gary Watson (fifth from right), Country Manager (Ireland) of Keppel Data Centres, and other volunteers participated in the 'DC's for Bees' tree-planting initiative in Wicklow County, Ireland.



# Caring for our community

Committed to being a good corporate citizen, Keppel continues to support initiatives that uplift communities.



**Springing joy**  
Sharing the joy of spring, some 40 Keppel Volunteers, led by Mr Loh Chin Hua, CEO of Keppel Corporation, together with Mr Ong Ye Kung, Minister for Education, and volunteers from Republic Polytechnic, distributed festive goodie bags to 330 families living in rental blocks in the Gambas district. Keppel also sponsored grocery vouchers for these families. Keppel Volunteers had earlier in the day helped pack the bags with food rations for the families.

This is the fourth consecutive year that Keppel has partnered the North West Community Development Council on its food distribution programme for residents in need. Separately, Keppel Volunteers hosted 19 persons with special needs from Thye Hua Kwan Moral Charities to the Singapore Symphony Orchestra's (SSO) annual Christmas Concert as part of the newly launched Keppel Nights@SSO programme. Held on

12 December 2019, the beneficiaries enjoyed orchestral pieces of popular carols and were treated to a tour of the concert hall. **Forging friendships**  
Keppel Capital organised a prata-making session for its adopted charity Muscular Dystrophy Association Singapore (MDAS) on 8 November 2019. Conducted by Casuarina Curry, the fun-filled event introduced beneficiaries and volunteers to prata-making techniques.



The session ended with a delicious prata buffet and a prata tossing performance by the chef.

Over in China, 140 volunteers forged closer ties with special needs students from the Sunshine Welfare Home in Tianjin through completing a 3.5-km 'Keppel Run' on 6 November 2019.

**Budding cause**  
Keppel Volunteers held a three-day charity sale at the Trinity Tower in Shanghai to raise funds for the 'Keppel Welfare Budding Dancers' programme for hearing impaired children. The charity sale was attended by representatives from the Shanghai Charity Foundation, Shanghai Hongkou District Charity Foundation and Shanghai Hongkou District Federation of Industry and Commerce.



1. Keppelites from across the Group packed and distributed goodie bags to needy families.
2. Mr Ong Ye Kung (far left), Minister for Education, accompanied by Mr Loh Chin Hua (third from right), CEO of Keppel Corporation and Mr Tan Swee Yiow (second from right), CEO of Keppel Land, distributed goodie bags to families in Gambas district.
3. Volunteers from Keppel Capital hosted MDAS beneficiaries in a prata-making activity.
4. Volunteers in Northern China continued to deepen friendships with special needs students from Sunshine Welfare Home.



# Volunteer appreciation

In conjunction with International Volunteer Day, Keppelites who participated actively in the Group's CSR activities were recognised for their contributions at the annual Keppel Volunteers appreciation day held on 3 December 2019.

CEO of Keppel Corporation, Mr Loh Chin Hua, presented special awards to 20 volunteers and encouraged them to keep up the good work. He remarked that Keppel's beneficiaries are not the

only ones who gain from outreach efforts. Volunteers too, are transformed, when they care for the underprivileged.

Volunteers from the Words on Wheels and Food from the Heart projects shared their experience and takeaways from the projects. The volunteers were also inspired by guest speakers from Willing Hearts – Founder Mr Tony Tay and its President, Mr Teh Eng Hua, who provided insights to the cause and the positive difference that volunteers can make. ✓

1. Volunteers of the Year were recognised for their dedication and service to the community at the annual Keppel Volunteers appreciation day.
2. Children from Care Corner celebrated Christmas with volunteers from Keppel Land and Keppel REIT Management.





## Season of giving

Keppel brought cheer to beneficiaries, tenants and staff in the Christmas season with various meaningful activities.

### Christmas by the bay

President Halimah Yacob officiated the light-up ceremony for ChariTrees 2019 alongside the presenter, Marina Bay Alliance, on 15 November 2019 at the Marina Bay waterfront promenade. The fundraising event raised a total of \$306,000 for several charities, including The Business Times Budding Artists Fund.

The 2019 edition of ChariTrees gained greater visibility through a partnership with the Marina Bay Alliance, represented by stakeholders of the upcoming Marina Bay pilot Business Improvement District (BID), which includes Keppel REIT, and the Marina Bay pilot BID Manager, Keppel Land.

### Festive bazaar

As part of Keppel Land's tenant engagement initiatives for Keppel Bay Tower, the inaugural 'Do Good, Feel Good Christmas Bazaar' was organised on 28 and 29 November 2019. The bazaar, which saw participation from 25 charities and social enterprises, received warm support from tenants and members of the public who shopped for a worthy cause.

Over in China, the Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd. organised a used goods bazaar at the Eco-Business Park in the Sino-Singapore Tianjin Eco-City. In addition to raising funds for needy families,

the bazaar promoted green purchase practices among tenants who contributed and bought preloved items.

### Granting wishes

Keppel Land and Keppel REIT Management rallied tenants from Keppel's commercial properties - Ocean Financial Centre, Keppel Bay Tower and Keppel Towers - to fulfil the wishes of 225 children from adopted charities, Care Corner and the Muscular Dystrophy Association Singapore (MDAS). The children also enjoyed Christmas carolling and games by Keppel Volunteers at Ocean Financial Centre and Keppel Bay Tower. ✓



'Immerse in the world of books' by Lv Shisen.

## Picturesque Eco-City

The ninth edition of the 'Delight in the Eco-City' photography competition saw close to 1,400 entries, each depicting unique perspectives of living in the Sino-Singapore Tianjin Eco-City (Eco-City). Six winning photographs showcasing various perspectives of a prosperous, liveable and smart Eco-City, were selected. ✓



'A red bridge over the creek' by Lu Hongyan.





**Building a Sustainable Future**

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