OPERATING & MARKET REVIEW

Since Vision 2030 was announced, Keppel has made considerable progress and accelerated the execution of the Vision, with a view to achieving its targets by 2025.

ENERGY & ENVIRONMENT

We provide energy and environmental solutions that are essential for sustainable development.

Refer to pages 48 to 53

URBAN DEVELOPMENT

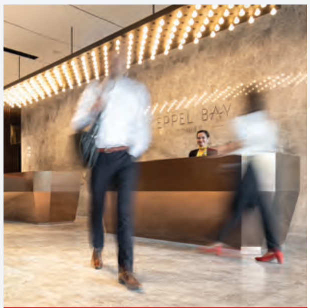
We provide innovative and multi-faceted urban space solutions, including quality homes, offices, malls as well as large-scale integrated developments that enrich people and communities.

Refer to pages 54 to 57

CONNECTIVITY

We connect people and businesses in the digital economy.

Refer to pages 58 to 61



ASSET MANAGEMENT

We create enduring value with quality investment products and provide a platform for recycling capital and tapping third-party funds for growth.

Refer to pages 62 to 65

ACCELERATING VISION 2030

In May 2020, Keppel unveiled Vision 2030, the Group's long-term roadmap to guide its transformation and growth as one integrated company, providing solutions for sustainable urbanisation, with sustainability at the core of the Company's strategy.

Vision 2030 defines Keppel's purpose, focuses its business and ultimately aims to accelerate growth and create value for its stakeholders. It positions Keppel to seize opportunities against the backdrop of key macrotrends that are shaping the world, including rapid urbanisation, climate change, energy transition, growing digitalisation and ageing populations. Keppel aims to be a powerhouse of sustainable urbanisation solutions, leveraging the Company's track record and capabilities in Energy & Environment, Urban Development and Connectivity, with an Asset Management arm to fund the Group's growth, provide a platform for capital recycling, and pull the Group together to seize opportunities with an asset-light business model.

Since the Vision was announced, the Company has made considerable progress and accelerated the execution of Vision 2030, with a view to achieving its targets by 2025.

With growing international concerns about climate change, many governments and companies have made net zero commitments, in turn creating strong demand for renewables, clean energy, decarbonisation solutions, waste and water treatment, as well as green buildings and data centres – all of which are solutions that Keppel provides. Keppel is thus in pole position to be a preferred partner for governments, customers and investors on the journey to net zero.

PRIMING FOR GROWTH

Under Vision 2030, Keppel will also sharpen its focus, simplify its business, double down on the key areas identified, and pivot away from lumpy earnings towards more recurring income.

In June 2021, it announced the proposed combination of Keppel Offshore & Marine (Keppel O&M) and Sembcorp Marine, as well as the resolution of its legacy rigs. Even earlier, in January 2021, Keppel had announced the organic transformation of Keppel O&M and that the Company would exit the oil rig building business, after completing the existing uncompleted rigs. Keppel has also announced the proposed divestment of its logistics business in Southeast Asia and Australia. It has also been progressively divesting its logistics assets in China in the past two years.

Focused on making sustainability its business, Keppel is deepening its presence in areas spanning renewables, electrification, carbon-free energy alternatives and decarbonisation solutions, to expand and fortify its capabilities in low-carbon, circular economy solutions. Many of Keppel Infrastructure's new business pursuits and research and development (R&D) efforts in the past year were in these areas. To scale up quickly to capture opportunities arising from global energy transition, Keppel will also seek opportunities to acquire assets and stakes in established operating platforms. In the longer run, Keppel is also looking at developing solutions for carbon capture, utilisation and storage (CCUS), as well as new energy vectors, such as green ammonia and hydrogen.

In view of the risks and opportunities engendered by climate change, we are exploring the development of climate-resilient nearshore developments, or "floating cities".

Keppel Land is transforming from a traditional real estate developer into an asset-light provider of innovative and sustainable urban space solutions. In 2021, Keppel Land achieved substantial progress monetising its landbank, and is also embracing new business models such as Real Estate as a Service, and expanding its focus on sustainable urban renewal and senior living solutions that can yield potential streams of recurring income. Mindful of the risks and opportunities engendered by climate change, Keppel Land is also exploring the development of climate-resilient nearshore developments, or "floating cities", which could help to mitigate the impact of rising sea levels.

Keppel Telecommunications & Transportation is expanding its data centre portfolio and exploring ways to reduce the carbon footprint of data centres, with plans to start the development of its innovative, energy-efficient floating data centre in Singapore in 2022, subject to regulatory approval. Keppel has also collaborated with partners to launch the Bifrost Cable System, which when completed in 2024, is set to meet the growing digital connectivity needs between Southeast Asia and the west coast of North America.

Meanwhile, M1 continues to advance on its multi-year digital transformation from a traditional telco into a cloud native connectivity platform. Key milestones in 2021 include the monetisation of its network assets, growing its enterprise business, rolling out its 5G Standalone network and expanding 5G use cases.

Keppel Capital continues to grow its assets under management, expanding its asset classes and growing recurring fee income. Amidst heightened concerns about inflation, there is strong demand from investors for the real assets that the Group manages, which can serve as effective inflation hedges.

Increasingly, the Group is integrating its capabilities across its focus segments to work even more closely together to create smarter and more sustainable solutions, while leveraging third-party funds for growth. Such OneKeppel integration would allow the Group to address emerging opportunities that may not be available to individual business units, thus ensuring that the whole is greater than the sum of its parts.

RIGHT SPACE, RIGHT TIME

With the world focusing increasingly on sustainable development and climate change, Keppel is in the right space and at the right time to provide solutions which are good for the planet, people and the Company. Guided by its focus on sustainability, leveraging an asset-light model, and harnessing technology and the Group's track record, Keppel will contribute to advancing sustainability, while accelerating growth.

ENERGY & ENVIRONMENT

WE PROVIDE ENERGY AND ENVIRONMENTAL SOLUTIONS THAT ARE ESSENTIAL FOR SUSTAINABLE DEVELOPMENT.

EARNINGS HIGHLIGHTS ($ million)

	2021	2020	2019
Revenue	**5,574**	3,943	4,969
EBITDA	**(376)**	(671)	268
Operating Profit/(Loss)	**(522)**	(822)	116
Loss before Tax	**(469)**	(1,251)	(121)
Net Loss	**(414)**	(1,181)	(101)

PROGRESS IN 2021

- Signed MOUs for proposed combination of Keppel O&M and Sembcorp Marine, and resolution of legacy rigs, while concurrently driving organic transformation.
- Keppel O&M secured new order wins of $3.5 billion and delivered nine major projects.
- Keppel Infrastructure pursued opportunities in renewables, clean energy and decarbonisation solutions, including exploring renewable power import into Singapore, developing EV charging infrastructure, and studying feasibility of a green ammonia supply chain in APAC.
- Secured contract to provide Singapore's first sustainable Energy-as-a-Service solution.
- Announced acquisition of majority joint venture stake in leading solar energy platform, Cleantech Renewable Assets, with KAIF and its co-investor.

FOCUS FOR 2022/2023

- Work towards completing proposed combination of Keppel O&M and Sembcorp Marine and resolution of legacy rigs.
- Accelerate expansion in the renewables space and integrate renewables into existing generation portfolio.
- Expand environment business with a focus on value-enhancing projects with multiple income streams.
- Expand presence and grow capabilities in clean energy and decarbonisation solutions.
- Pursue and develop innovative solutions in collaboration with other Keppel business segments and drive value chain integration.

The Energy & Environment segment provides solutions and services spanning offshore & marine (O&M), power and renewables, new energy and environment. The segment includes Keppel Offshore & Marine (Keppel O&M), Keppel Infrastructure and Keppel Renewable Energy.

Countries representing about 70% of the world economy have committed to net zero emissions by 2050 following COP 26. The energy sector, which contributes about 76% of the world's greenhouse gas emissions, needs urgent decarbonisation on a global scale. The development and funding of energy transition projects and infrastructure are key in the race towards net zero.

Keppel, with expertise in sustainable energy and environmental solutions, as well as asset management capabilities, is well-placed to provide compelling end-to-end solutions that can fast forward the energy transition and sustainable development.

In 2021, Keppel focused on transforming its business and growing new capabilities in the energy and environment space to strengthen its position as an enabler of the low-carbon economy.

Keppel, with expertise in sustainable energy and environment solutions, as well as asset management capabilities, is well-placed to provide compelling end-to-end solutions that can fast forward the energy transition and sustainable development.

BUSINESS TRANSFORMATION

At the start of 2021, Keppel announced a comprehensive transformation of Keppel O&M to enhance its competitiveness and relevance amidst the global energy transition, as well as its exit from the oil rig building business, after completing the existing rigs under construction. This was followed in June by the signing of Memorandums of Understanding (MOUs) for the proposed combination of Keppel O&M and Sembcorp Marine, including the resolution of Keppel O&M's legacy rigs, as part of Keppel's efforts to be more disciplined and refocus its portfolio.

The proposed combination of Keppel O&M and Sembcorp Marine seeks to create a stronger combined entity that would be better positioned to capitalise on growing opportunities in the O&M, renewables and clean energy sectors. The proposed combination runs in parallel and is inter-conditional with another proposed transaction to sell Keppel O&M's legacy completed and uncompleted rigs and associated receivables to a separate Asset Co, which would be majority owned by external investors to be procured by Kyanite Investment Holdings, a wholly-owned subsidiary of Temasek. Discussions on the proposed transactions are progressing steadily and Keppel is working towards signing definitive agreements by the end of 1Q 2022.

If the proposed transactions are successfully completed, Keppel will become much more streamlined, asset light and focused on renewables, new energy, decarbonisation and environmental solutions.

OFFSHORE & MARINE

While the O&M sector remained challenging in 2021, Keppel O&M performed resiliently. During the year, Keppel O&M secured \$3.5 billion of new orders, including a US\$2.3 billion contract for a Floating Production, Storage and Offloading vessel (FPSO) from Petrobras. As at end-2021, Keppel O&M's net orderbook stood at \$5.1 billion, of which 39% comprised renewables and gas solutions. The quality of Keppel O&M's net orderbook improved, with over 90% of the contracts providing for milestone payments, thereby reducing working capital requirements and risks to the Group.

In 2021, Keppel O&M remained focused on execution and delivered nine major projects to its customers. In addition, Keppel O&M also repaired and retrofitted about 120 vessels, which included higher value jobs such as

Through its proprietary platform AssetCare, Keppel O&M is leveraging technology and data to remotely monitor deployed assets to provide real-time support and improve work efficiency.

scrubber and Ballast Water Treatment System retrofits, and drydocking works for LNG carriers.

As part of its active cost management efforts, Keppel O&M achieved a reduction of about $140 million in overheads year-on-year (yoy) for FY 2021, higher than the projected $90 million announced in 2020. Since 2015, Keppel O&M has managed to shave cumulatively $517 million from its overhead costs, positioning the company to achieve profitability with a lower top line.

With rising oil prices, the offshore drilling rig market has shown signs of improvement. Utilisation and day rates for modern jackups, which make up the bulk of Keppel O&M's legacy rigs, both improved during the year. Pareto Securities estimates these to rise even further over the next few years. With improving market conditions, Keppel is hopeful that Keppel O&M's legacy rigs, which would be injected into a separate Asset Co to be majority owned by external investors procured by Kyanite Investment Holdings, can be substantially monetised over the next three to five years.

Meanwhile, Keppel O&M continues to strengthen its position in the offshore renewables sector. In 2021, the company successfully completed its first two offshore wind substations for customer Ørsted, which will be deployed in the Greater Changhua 1 & 2a offshore wind farms in Taiwan. Keppel O&M is currently undertaking integrating and commissioning works for the two offshore substations on-site, and the projects are expected to be delivered in 2022. Reflecting the strong partnership, Keppel O&M signed a global framework agreement with Ørsted in 2021 to potentially undertake future offshore substation projects. In addition, Keppel O&M secured contracts for two offshore wind topsides and a wind turbine installation vessel upgrading project during the year.

In 2021, Keppel O&M was awarded the Singapore Maritime Institute-Maritime and Port Authority of Singapore Joint Call for Proposal in harbour craft electrification and is leading a coalition to develop a comprehensive electric vessel supply chain in Singapore. Keppel O&M is developing the Floating Living Lab (FLL), a first-of-its-kind floating launchpad for the development and test bedding of sustainable marine solutions in Singapore, which will be used to testbed the electric vessel charging infrastructure. In addition, the FLL will facilitate the use of renewable energy such as solar energy in the charging infrastructure.

As part of its transformation, Keppel O&M is harnessing technology including 5G, remote monitoring and surveillance, IoT and data analytics, to enhance its solutions. Keppel O&M's proprietary industry IoT system, AssetCare, which enables remote monitoring and real-time support for vessel operations, has been deployed on several assets, including FueLNG Bellina, Singapore's first LNG bunkering vessel, which was delivered by Keppel O&M in 2021. FueLNG Bellina is also the world's first bunkering vessel to be awarded a smart notation.

SHARPENING FOCUS ON THE ENERGY TRANSITION

The net zero commitments made by governments and companies around the world are driving strong demand for renewables, clean energy, as well as decarbonisation and environmental solutions. These are areas where the Group, especially Keppel Infrastructure, has strong capabilities and a proven track record, and where it can help its customers make the transition to net zero.

Many of Keppel's new business pursuits and R&D efforts in the past year were in these areas, including exploring the import of renewable energy into Singapore, developing electric vehicle (EV) charging infrastructure, securing Singapore's first Energy-as-a-Service (EaaS) contract, and studying the feasibility of developing an Asia-Pacific green ammonia supply chain.

Keppel is partnering Perennial to roll out Singapore's first sustainability Energy-as-a-Service Concept at Perennial Business City, and is looking to provide more Energy-as-a-Service offerings in Singapore and the region.

Keppel is also actively exploring decarbonisation and circular economy solutions, including carbon capture, utilisation and storage, smart distributed energy resources, as well as various environmental sustainability technologies.

Keppel is also providing other decarbonisation solutions for the energy and environmental sectors to help its customers and governments drive down their carbon emissions. In addition to its proven waste-to-energy (WTE) and district cooling solutions, Keppel is also actively exploring decarbonisation and circular economy solutions, including CCUS, smart distributed energy resources, as well as various environmental sustainability technologies.

Looking ahead, Keppel will continue to seize inorganic opportunities to acquire assets, operating platforms and technologies that would allow the Group to scale up quickly in its identified growth areas. Importantly, with its established asset management platform, Keppel can also bring in varied sources of capital from private and public investors to fund the projects and solutions from cradle to maturity.

POWER AND RENEWABLES

Keppel's Power and Renewables business performed well in 2021 despite the challenges caused by the rise in global gas prices and supply disruptions, and volatility in the Singapore Wholesale Electricity Market.

During the year, Keppel Electric successfully maintained its position as one of the leading electricity retailers in Singapore. As at November 2021, Keppel Electric was the 3rd largest commercial and industrial retailer with a market share of 17.9%[1]. Keppel Electric also retained its position as the largest Open Electricity Market provider in Singapore, with a market share of 22.1% as at end-April 2021. Keppel Electric remains committed to providing its consumers with customisable retail solutions that best suit their needs.

With economic activity recovering despite the ongoing pandemic, electricity consumption in Singapore has rebounded to pre-COVID-19 levels more quickly than anticipated. Demand for electricity in Singapore is beginning to outpace supply. Coupled with a lack of new generation capacity planting in the immediate horizon, the tight market conditions are likely to persist in the near to medium term.

With the recently announced hike in Singapore's carbon tax, which will progressively increase from the existing $5 per tonne of emissions to reach $50-$80 per tonne of emissions by 2030, consumers will be financially incentivised to decarbonise their electricity consumption. This is expected to drive up demand for green electricity and decarbonisation solutions.

To diversify its generation portfolio and to cater to the emerging domestic demand for renewable energy, Keppel Infrastructure has increased its participation in renewables. In line with efforts to promote greater energy infrastructure connectivity in the region, Keppel Infrastructure signed an exclusive framework agreement with Electricite Du Laos (EDL) as part of the Lao PDR-Thailand-Malaysia-Singapore Power Integration Project, to jointly explore opportunities to import up to 100MW of renewable hydropower into Singapore. Keppel Infrastructure and EDL will also explore collaboration opportunities arising from the demand for renewable energy and the transition towards greener forms of energy. Such projects will not only create new growth engines and advance sustainability for the Group but will also enable Keppel to enhance its green retail offerings.

Keppel Infrastructure is strengthening its renewable energy capabilities by collaborating with like-minded partners in the areas of low-carbon electricity, storage and intermittency management solutions. It seeks to deliver reliable, competitive and non-intermittent low-carbon electricity to end-consumers, potentially in the ASEAN region. Apart from hydropower, Keppel is exploring other forms of renewable energy such as wind, solar and biomass, and will leverage technology and data to enhance its operational performance.

Keppel Infrastructure develops, owns and operates a network of integrated utilities and sustainable energy solutions. During the year, it secured a long-term service corridor contract from a large petrochemical customer at Jurong Island and also successfully completed the design and construction of several facilities on the island without any lost time incident.

[1] Excluding SP Services.

We will continue to invest in R&D, and explore new opportunities in renewables, clean energy, decarbonisation and environmental solutions.

To further advance the Group's pursuit of sustainability as a business, Keppel Infrastructure is collaborating with Singapore LNG Corporation (SLNG) and another industry partner on the front-end engineering design of a natural gas liquids extraction facility project. To be located on Jurong Island, the project aims to remove heavier hydrocarbons from LNG through a sustainable approach that incorporates the use of cold energy from SLNG's operations. The project will not only unlock multiple benefits across the LNG and Chemicals value chains but also contribute towards enhancing Singapore's energy security and strengthening the country's position as an LNG and Chemicals hub.

GROWING RENEWABLES PORTFOLIO

Keppel has set a target to grow its renewables portfolio to 7.0GW by 2030 and will do this both organically and inorganically. This will not only contribute to growing the Group's renewable energy portfolio but will also generate recurring income for the Group.

In 2021, Keppel Corporation announced the acquisition of a majority joint venture stake in Cleantech Renewable Assets (Cleantech), a leading solar energy platform, in partnership with Keppel Asia Infrastructure Fund (KAIF) and a co-investor of KAIF. Cleantech has a total capacity of over 600MW across the various stages of operations, construction, and development, with its assets located across India and six countries in Southeast Asia. In addition, Cleantech is targeting to achieve a cumulative generation capacity of 3.0GW over the next five years.

This latest transaction brings the Group's total announced capacity for renewables to 1.1GW, including Keppel Renewable Energy's ongoing solar farm project in Queensland, Australia, which continues to make steady progress. Construction of the solar farm is on track to commence in 2023. Upon completion in 2024, the Harlin solar farm project is expected to have a capacity of at least 500MW, generating enough energy to power over 142,000 average Australian homes.

Keppel Renewable Energy is also pursuing opportunities in the solar, onshore wind, offshore wind and run-of-river hydro space in Asia Pacific, with a focus on the markets of Australia, India, the Philippines, the Republic of Korea, Malaysia and Vietnam.

NEW ENERGY

Keppel Infrastructure continued to expand its district cooling services with three new service contracts, further contributing to energy-efficient cooling in Singapore. The addition of the latest contracts brings the total cooling supplied by Keppel's plants in Singapore to over 70,000 refrigeration tonnes. Meanwhile, construction of Bulim Phase 1 of the Jurong Innovation District in Singapore and the district cooling systems (DCS) plant in Bangkok continued to progress. Both projects are on track to be completed in 2023. Keppel Infrastructure also deepened its partnership with BCPG Public Company Limited via an MOU to jointly develop more energy efficiency-related solutions such as cooling, EV charging, microgrids, and solar installations in key gateway cities in Thailand.

With climate change being one of the greatest threats today, Keppel is investing in new technologies and energy-efficient solutions. Keppel Infrastructure and the National University of Singapore jointly designed and developed a Thermal Energy Storage (TES) solution that uses a new Phase-Change Material to improve the energy efficiency of DCS. The TES system has an energy carrying capacity of up to three times more than a conventional chilled water storage system, and can yield more than 10% in cost savings annually. The TES trial was completed in 2021 and will be rolled out for commercial application in 2022.

As part of its plans to grow in the EV sector, Keppel Infrastructure entered into a joint venture with Starcharge to deploy EV charging infrastructure in Singapore and the region. It also launched Volt, its EV charging brand and solutions provider.

Keppel Infrastructure is also partnering Perennial to roll out Singapore's first sustainable EaaS concept at Perennial Business City. The concept includes installing and operating highly efficient chiller systems and photovoltaic solar panels, providing long-term zero-carbon electricity, as well as developing smart EV charging stations. The project is expected to reduce Perennial Business City's total energy consumption by more than 40%, making it the first sustainable super-low energy business park in the Jurong Lake District.

To meet the rapidly growing global demand for carbon-free energy, Keppel Infrastructure signed an MOU with Temasek and

The Hong Kong IWMF was 40.6% completed as at end-2021.

Incitec Pivot to study the feasibility of producing green ammonia in Australia for export. Green ammonia is a potential source of clean fuel that can support the demand for sustainable energy and contribute to deep decarbonisation in power and hard-to-abate sectors.

Looking ahead, Keppel Infrastructure will continue to invest in R&D, and explore new opportunities in renewables, clean energy, decarbonisation and environmental solutions, as it expands its track record for zero-emission solutions and low-carbon energy services.

ENVIRONMENT

Governments around the world recognise the need for more sustainable water and waste management solutions to cope with rapid urbanisation, with many countries announcing planned infrastructure investments over the next few years. In 2021, Keppel Infrastructure continued to focus on the execution of its projects in Singapore and overseas with an emphasis on safety and quality.

In February 2021, Singapore's fourth desalination plant, the Keppel Marina East Desalination Plant, was officially opened by Prime Minister Lee Hsien Loong, strengthening Keppel's presence as a provider of water solutions.

Meanwhile engineering design and procurement activities continued at Singapore's first Integrated Waste Management Facility (IWMF), in anticipation of the commencement of major site works in 2022. Upon completion in 2024, the IWMF WTE facility and the Materials Recovery Facility will be amongst the largest of such facilities in Singapore. Over in Hong Kong, the prefabrication of process modules and reclamation works progressed steadily at the Hong Kong IWMF despite the supply chain disruptions arising from COVID-19. As at end-2021, the Singapore and Hong Kong IWMF projects were 22.7% and 40.6% completed respectively.

In mainland China, Keppel Infrastructure successfully commissioned two WTE plants in Beijing and Xi'an. As one of the leading and most reliable WTE technology solutions provider in China, Keppel is well positioned to seize opportunities in China, as part of the Chinese government's plans to grow the country's urban municipal waste incineration capacity to 800,000 tonnes per day by the end of 2025.

Building on its track record and expertise, Keppel is well-placed to capitalise on the increasing demand for sustainable water and waste management solutions, especially in the Asia-Pacific and Middle East regions. The Group is also exploring investments in decarbonisation and circular economy solutions, including CCUS, smart distributed energy resources, and various environmental sustainability technologies.

URBAN DEVELOPMENT

WE PROVIDE INNOVATIVE AND MULTI-FACETED URBAN SPACE SOLUTIONS, INCLUDING QUALITY HOMES, OFFICES, MALLS AS WELL AS LARGE-SCALE INTEGRATED DEVELOPMENTS THAT ENRICH PEOPLE AND COMMUNITIES.

EARNINGS HIGHLIGHTS ($ million)

	2021	2020	2019
Revenue	**1,629**	1,275	1,336
EBITDA	**1,036**	645	545
Operating Profit	**993**	605	507
Profit before Tax	**1,072**	720	676
Net Profit	**763**	438	483

PROGRESS IN 2021

- Made strong progress in asset monetisation, completing the divestment of eight projects with total proceeds of about $1.9 billion.
- Sold 4,870 homes in Asia, mainly in Singapore, China and Vietnam, up 46% from 2020.
- Grew recurring income with opening/reopening of retail malls in China and Singapore and launched the Seasons Smart Vibrant Precinct in Tianjin, China.
- Expanded into China's urban renewal market in partnership with Topchain.
- SSTEC sold a mixed-use land plot located in the Eco-City's mature Southern District.

FOCUS FOR 2022/2023

- Accelerate asset monetisation and unlocking of capital that can be reinvested for growth and higher returns across the Group.
- Continue to drive business transformation and build new businesses in sustainable urban renewal and senior living.
- Invest strategically and selectively in new projects across Asia Pacific.
- Continue to seek new opportunities in master development and integrated large-scale developments in Asia.
- Continue to develop the Sino-Singapore Tianjin Eco-City in China as a model for sustainable urbanisation.
- Pursue and develop innovative solutions in collaboration with other Keppel business segments and drive value chain integration.

As part of its transformation and focus on growing recurring income, Keppel Land is expanding its presence in sustainable urban renewal and senior living solutions, and will increasingly provide Real Estate as a Service.

The Urban Development segment provides a spectrum of urban space as well as end-to-end master development solutions. It includes Keppel Land and Keppel Urban Solutions, as well as the Group's investment in associated company, the Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd. (SSTEC), the master developer of the Sino-Singapore Tianjin Eco-City (Eco-City).

URBAN SPACE SOLUTIONS

DRIVING BUSINESS TRANSFORMATION

Across the world, COVID-19 has altered the way people live, work, play and learn. Social distancing has changed the way people inhabit and interact with physical space and with one another, spurring greater demand for digital connectivity and giving rise to new technologies and business models. Heightened focus on climate change and well-being are also driving demand for sustainable urban spaces. Meanwhile, ageing populations coupled with rising affluence in both developed and emerging markets present opportunities for differentiated senior living products and services.

As a Group, Keppel is transforming its business as well as growing new competencies to address these trends, which were identified as part of its Vision 2030 roadmap. Increasingly, we are integrating capabilities across our focus segments to create smarter and more sustainable solutions to address the emerging opportunities.

Keppel Land continued to make good progress in its transition to an asset-light provider of innovative and sustainable urban space solutions. In 2021, it completed the monetisation of eight projects across Singapore, China, Vietnam, Indonesia and the UK, with total proceeds of about $1.9 billion and net gains of over $450 million[1]. Keppel Land also collaborated with Keppel Vietnam Fund (KVF) and the latter's co-investor to acquire an interest in three residential land plots in Hanoi, Vietnam. KVF and the co-investment vehicle are both managed by Keppel Capital, reflecting the increasing collaboration between Keppel's business units.

As part of its transformation and focus on growing recurring income, Keppel Land is expanding its presence in sustainable urban renewal and senior living solutions, and will increasingly also provide Real Estate as a Service, such as providing customised office fit-outs and incorporating sustainable features to create zero energy buildings. In 2021, Keppel Land formed a joint venture with the Topchain Group, to jointly manage investment properties, mainly offices and business parks, with potential for asset enhancement initiatives in China.

To boost its operational capabilities, as well as provide more innovative and bespoke solutions, Keppel Land is leveraging digital technologies to capture and analyse customer data insights from the properties it manages. In May 2021, Keppel Land launched its Seasons Smart Vibrant Precinct in the Eco-City at the 5th World Intelligence Congress. The precinct leverages technologies such as 5G, Artificial Internet of Things, big data and augmented reality to enhance public amenities as well as urban living experiences. Over in Singapore, Keppel Land collaborated with M1 to extend 5G-enabled features and offerings at Marina at Keppel Bay and the newly re-opened i12 Katong retail mall.

Keppel Land will continue building on its capabilities and credentials to seize business opportunities, especially in smart and sustainable developments.

Keppel Land is presently also collaborating with other Keppel business units to explore the development of innovative nearshore urban developments or "floating cities", that can help to address land scarcity and the threat of rising sea levels in coastal areas.

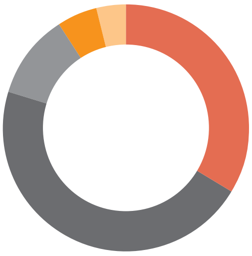
Keppel Land has committed to reducing its absolute Scope 1 and 2 greenhouse gas (GHG) emissions by 100% by 2030 from the base level in 2020. It has also committed to reducing Scope 3 GHG emissions from purchased goods and services by 20% per square metre by 2030 from a 2020 base year.

During the year, Keppel Land received several industry and sustainability-related accolades, such as top rankings in GRESB 2021 and the Euromoney Real Estate Survey 2021, and was also conferred the prestigious BCA Quality Excellence Award – Quality Champion (Platinum) for the third consecutive year, among others. These accolades attest to Keppel Land's commitment to create vibrant, multi-faceted urban space solutions that create long-term stakeholder value.

[1] About $380 million of the net gains were recognised in FY 2021, while the rest was recognised in FY 2020.

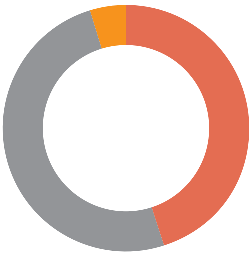
Located within the mature Start-Up Area of the Eco-City, the retail mall of Seasons City is a well-curated lifestyle haven, and home to popular dining establishments, high fashion brands, total wellness and experiential entertainment.

KEPPEL LAND'S TOTAL ASSET DISTRIBUTION BY COUNTRY (%)
as at 31 December 2021



Singapore		33.8
China		46.0
Vietnam		11.1
Indonesia		5.4
Others		3.7
Total	**$14.1 billion**	**100.0**

KEPPEL LAND'S TOTAL ASSET DISTRIBUTION BY SEGMENT (%)
as at 31 December 2021



Property Trading		45.2
Property Investments		50.1
Others		4.7
Total	**$14.1 billion**	**100.0**

Despite COVID-19, all key markets saw improved sales in 2021, reflecting continued demand for well-located, good quality projects in high-growth cities.

In 2021, Keppel Land's home sales improved significantly, increasing 46% year-on-year (yoy) to 4,870 homes sold. The total sales value was up 60% to $4.0 billion in 2021, from $2.5 billion in 2020. Despite COVID-19, all key markets saw improved sales in 2021, reflecting continued demand for well-located, good quality projects in high-growth cities.

Although overall sentiments have turned more cautious after the debt crisis affecting developers in China, the Keppel Group remains optimistic about opportunities in China over the mid to long term. Sales momentum remained resilient in cities where Keppel Land is present given the healthy supply-demand dynamics. During the year, Keppel Land sold about 2,780 homes in China, higher than the 2,110 homes sold in 2020, underpinned by strong sales at Upview, Shanghai and Seasons Residences, Wuxi. Keppel Land also launched the highly-anticipated Seasons City retail mall in the Eco-City, which will contribute to recurring income.

To prevent the market from overheating, the Singapore government introduced a slew of cooling measures in December 2021. While some impact is expected in the short term as buyers adopt a wait-and-see approach, the continuing recovery of the economy from COVID-19 coupled with a stable property market in Singapore will give buyers more confidence to invest for the longer term. During the year, Keppel Land sold about 470 homes in Singapore, up from 370 homes sold in 2020. This was mainly due to strong sales from The Reef at King's Dock. As at end-2021, Reflections and Corals at Keppel Bay were 99% and 93% sold respectively, while plans for Keppel Bay Plot 6, a residential site located on Keppel Island, are currently being reviewed.

Meanwhile, demand for office space in Singapore has moderated in response to the pandemic as more organisations adopt hybrid work models. However, there continues to be bright spots as a result of increasing demand from the technology, media and financial services industries. Keppel Land is in the process of redeveloping Keppel Towers into a full commercial development, whose construction commenced in 2021.

Despite the growth in online retailing and e-commerce, good quality retail spaces in select locations in Singapore remain in demand. The progressive easing of border restrictions and high vaccination rates will also benefit Singapore's retail sector as market sentiments improve. Following major asset enhancement works, Keppel Land re-opened i12 Katong retail mall in December 2021 with new sustainable features and improved retail offerings.

In Vietnam, Keppel Land's home sales doubled yoy to about 1,090 units in 2021 despite the challenges posed by COVID-19. This was mainly due to strong demand for Celesta Rise and Celesta Heights in Ho Chi Minh City (HCMC), which were 96% and 92% sold respectively as at end-2021. In particular, Celesta Heights, which was launched in December 2021, saw a strong take-up rate with all released units sold-out within two weeks of launch. Keppel Land continued to expand its footprint in Vietnam, acquiring a residential land plot in HCMC and three residential land plots in Hanoi. The Group continues to be positive about Vietnam's property market, which is underpinned by healthy economic growth, increased foreign investments, a high urbanisation rate and a growing middle class.

In India, Keppel Land launched La Familia in Urbania Township in Thane, Mumbai, in December 2021. During the year, Keppel Land sold about 200 residential units at Urbania Township. Keppel Land is also growing its commercial footprint in India, with the announced acquisition of the remaining 49% stake in a Grade A office project in Yeshwanthpur, Bangalore, from Puravankara. The construction of the Grade A office will be completed in 2026.

In Indonesia, Keppel Land sold about 240 units in 2021, primarily from the Wisteria landed housing project in East Jakarta. In addition, Wisteria has handed over its first phase to buyers in November 2021. Meanwhile, The Riviera at Puri was 98% sold and has commenced its final phase of handover in October 2021.

MASTER DEVELOPMENT & URBAN SOLUTIONS

Keppel Urban Solutions is an end-to-end master developer of smart, sustainable urban townships that leverage the Group's wide-ranging capabilities and strong track record in the planning and development of large-scale projects in Asia Pacific. Over the course of 2021, Keppel Urban Solutions continued to partner both internal and external stakeholders to pursue opportunities in the development of sustainable urban projects.

The Reef at King's Dock, which was well received by homebuyers, incorporates myriad smart and sustainable features throughout the development's units and public spaces.

In Vietnam, Keppel Urban Solutions, together with Keppel Land, continued to make progress in the development of Saigon Sports City (SSC), successfully completing the SSC Experiential Gallery and Keppel Sustainable Cities Studio. In China, Keppel Urban Solutions continues to work with Keppel Land to transform the 166-ha precinct in the Northern District of the Sino-Singapore Tianjin Eco-City into a model for smart and environmentally-responsible urban living.

Keppel Urban Solutions will continue to pursue growth opportunities in the planning and development of large-scale, sustainable integrated townships in Asia Pacific.

SINO-SINGAPORE TIANJIN ECO-CITY

Keppel leads the Singapore consortium, which works with its Chinese partner to guide the 50-50 joint venture, SSTEC, in its role as master developer of the Sino-Singapore Tianjin Eco-City.

Through the years, the Eco-City has flourished into a highly liveable city with 120,000 people[1] living and working there and 14,000 registered companies[1]. The Eco-City is well-served by bustling business and industrial parks, neighbourhood centres, top schools and a robust healthcare system. The recent opening of two large commercial complexes in late-2021, including Seasons City retail mall by Keppel Land, has further augmented the existing suite of leisure and recreational amenities, adding to the Eco-City's vibrancy.

In 2021, home sales at the Eco-City remained healthy with a total of 4,460 homes sold, of which about 200 homes were from projects developed by SSTEC. SSTEC also sold a mixed-use land plot located in the Eco-City's mature Southern District.

During the year, the Keppel Group continued to contribute towards the Eco-City's development. Apart from the sale of homes, Keppel Land also expanded into the retail sector in the Eco-City with the opening of the retail mall at Seasons City. Reflecting Keppel Land's commitment to sustainability, Phase 1 of Seasons City, comprising the retail mall and a 10-storey office tower, was conferred the Building and Construction Authority of Singapore's (BCA) Green Mark Platinum Award (Provisional), the highest accolade under the BCA Green Mark scheme.

At the 5th World Intelligence Congress held in May 2021, Mr Desmond Lee, Singapore's Minister for National Development, announced the launch of the Seasons Smart Vibrant Precinct, which Keppel Land China had developed in collaboration with the Eco-City Administrative Committee. The precinct comprises Keppel Land's Seasons series of residential and commercial projects in the Eco-City and features smart facilities such as an integrated operations and management control centre.

Having successfully piloted its smart city management platform in the Eco-City, Keppel Land is looking to scale up the application of such technologies at a smart and low-carbon precinct in the Eco-City's Northern District. Keppel Land and Keppel Infrastructure are also exploring new renewable energy projects in the Eco-City.

Looking ahead, SSTEC will focus on developing the Eco-City's city centre into a lifestyle, cultural and commercial hub with a distinctive blend of Singaporean and Chinese elements. SSTEC will also continue to work closely with its public and private sector partners from both countries to jointly explore growth opportunities in the sustainability sector and build the Eco-City into a leading example of a green, low-carbon and smart city.

[1] Includes the Central Fishing Port and Tourism District.

CONNECTIVITY

WE CONNECT PEOPLE AND BUSINESSES IN THE DIGITAL ECONOMY.

EARNINGS HIGHLIGHTS ($ million)

	2021	2020	2019
Revenue	**1,260**	1,220	1,128
EBITDA	**288**	259	385
Operating Profit	**86**	46	210
Profit before Tax	**86**	29	196
Net Profit	**64**	13	136

PROGRESS IN 2021

- Keppel DC Fund II acquired a greenfield site in Shanghai, China for the development of a data centre, Fund II's first project since its establishment.
- Commenced manufacturing of the Bifrost Cable System.
- M1 launched 5G Standalone (SA) network for consumers and rolled out commercial-ready 5G SA solutions for enterprises.
- M1 was awarded the 2.1 GHz spectrum band by IMDA, boosting its coverage and performance for 5G in Singapore.
- Announced plans to divest logistics business in Southeast Asia and Australia, including UrbanFox.

FOCUS FOR 2022/2023

- Continue to expand Keppel's portfolio of quality data centre assets in Asia Pacific and Europe, grow subsea cable system business, and provide higher value services to customers.
- Work towards completing the divestment of the logistics business.
- Work towards achieving nationwide 5G outdoor coverage by end-2022.
- Continue to expand M1's enterprise business, and invest in 5G capabilities and digital services & solutions.
- Pursue and develop innovative solutions in collaboration with other Keppel business segments and drive value chain integration.

The Connectivity segment includes Keppel Telecommunications & Transportation (Keppel T&T) and M1, whose business activities span data centres and logistics, as well as telecommunications. In 2021, demand for Keppel's connectivity solutions continued to grow, backed by increasing digitalisation and demand for data around the world.

In line with Keppel's Vision 2030 strategy and the increasing demand for more sustainable data centres, Keppel Data Centres is actively exploring ways to reduce the carbon footprint of its assets, including sourcing for alternative sources of power.

In addition to fueling consumer demand for connectivity, the pandemic has also accelerated the adoption of digital technology. With our track record and capabilities in data centres and connectivity, Keppel is well positioned to contribute to and ride this megatrend.

In 2021, following the strategic review of the logistics business, Keppel announced the proposed divestment of the logistics business to a third party. Keppel T&T has received bids and aims to sign definitive agreements for the divestment of the logistics business in Southeast Asia and Australia, including UrbanFox, by the end of 1Q 2022.

During the year, Keppel T&T continued to streamline its business and completed the sales of several non-core assets, namely ARIP Thailand, Trisilco Radiance, Nanhai Distribution Centre and Wuhu Sanshan Port.

DATA CENTRES

Data centres have quickly risen to become critical infrastructure for everyday life, driven by increasing digitalisation and demand for data globally. This macrotrend has been further accentuated amid the COVID-19 pandemic, the transition to remote working, and increasing prevalence of e-commerce. Furthermore, with 5G expected to usher in the "Fourth Industrial Revolution", data centres will play a key role in enabling 5G in all applications and devices. To create a seamless wireless network connecting devices and applications, centres of data exchange will need to be located near the end-users.

In 2021, Keppel Data Centres continued to pursue expansion and seize opportunities in its target markets of Asia Pacific and Europe. In collaboration with Keppel Data Centre Fund II, it added a new greenfield data centre in China to its portfolio. Including this acquisition, Keppel Data Centres currently has six data centres under development across Singapore, China, Malaysia, Indonesia and Australia. As at end-2021, the Group's total portfolio comprised 28 quality data centres across 18 cities in Asia Pacific and Europe, including those under Keppel DC REIT.

With climate change and environmental sustainability high on the agenda of governments and businesses globally, the data centre industry continues to come under scrutiny for its carbon footprint. In line with Keppel's Vision 2030 strategy and the increasing demand for more sustainable data centres, Keppel Data Centres is actively exploring ways to reduce the carbon footprint of its assets, including sourcing for alternative sources of power. In addition to traditional sources of renewable energy such as wind, hydro and solar power, Keppel is also exploring the use of hydrogen to power its data centres.

Keppel is also examining ways to improve the energy efficiency of its new and existing data centres. Keppel Data Centres is working on developing energy-efficient floating data centres, which can utilise seawater for cooling, making it more cost efficient and environmentally sustainable when compared with traditional structures. Subject to obtaining the necessary regulatory approval, Keppel Data Centres plans to commence the development of the floating data centre in Singapore in 2022.

As part of the Group's efforts to integrate its business units and value chains in order to realise greater synergies, the OneKeppel Data Centre team was established during

Keppel plans to commence development of the innovative, energy-efficient floating data centre in Singapore in 2022, subject to regulatory approval.

the year, bringing together investment personnel and expertise from Keppel Data Centres and Keppel Capital. The OneKeppel Data Centre team adopts a cradle-to-maturity approach in evaluating opportunities across the development stages of a project, thus allowing the Group to deepen collaboration in its Vision 2030 focus areas and undertake more complex deals, drawing on the strengths of each business unit.

Keppel Data Centres will continue to collaborate with Keppel DC REIT and the private funds under Keppel Capital to proactively seek new development and acquisition opportunities in Asia Pacific and Europe. It will also work with various business units within the Keppel ecosystem to innovate and develop more energy-efficient and sustainable data centres, which can help customers reduce their carbon emissions. Through technology and innovation, Keppel Data Centres aims to reduce the power usage effectiveness of its data centres, improve design resiliency, while improving the latency for bandwidth-intensive requirements.

SUBSEA CABLE SYSTEMS

The increasing penetration of the internet together with the rising demand for wireless connectivity, especially with the rollout of 5G, have further driven global internet traffic. Over 97%[1] of the global internet traffic is dependent on submarine cables, and about half of the global internet traffic is coming out of Asia Pacific.

In March 2021, Keppel T&T entered into a joint build agreement with Facebook and PT Telekomunikasi Indonesia International (Telin) to jointly own and develop the Bifrost Cable System (Bifrost). Bifrost is the world's first subsea cable system that directly connects Singapore to the west coast of North America via Indonesia through the Java Sea and Celebes Sea, and is a complementary growth area identified under Keppel's Vision 2030.

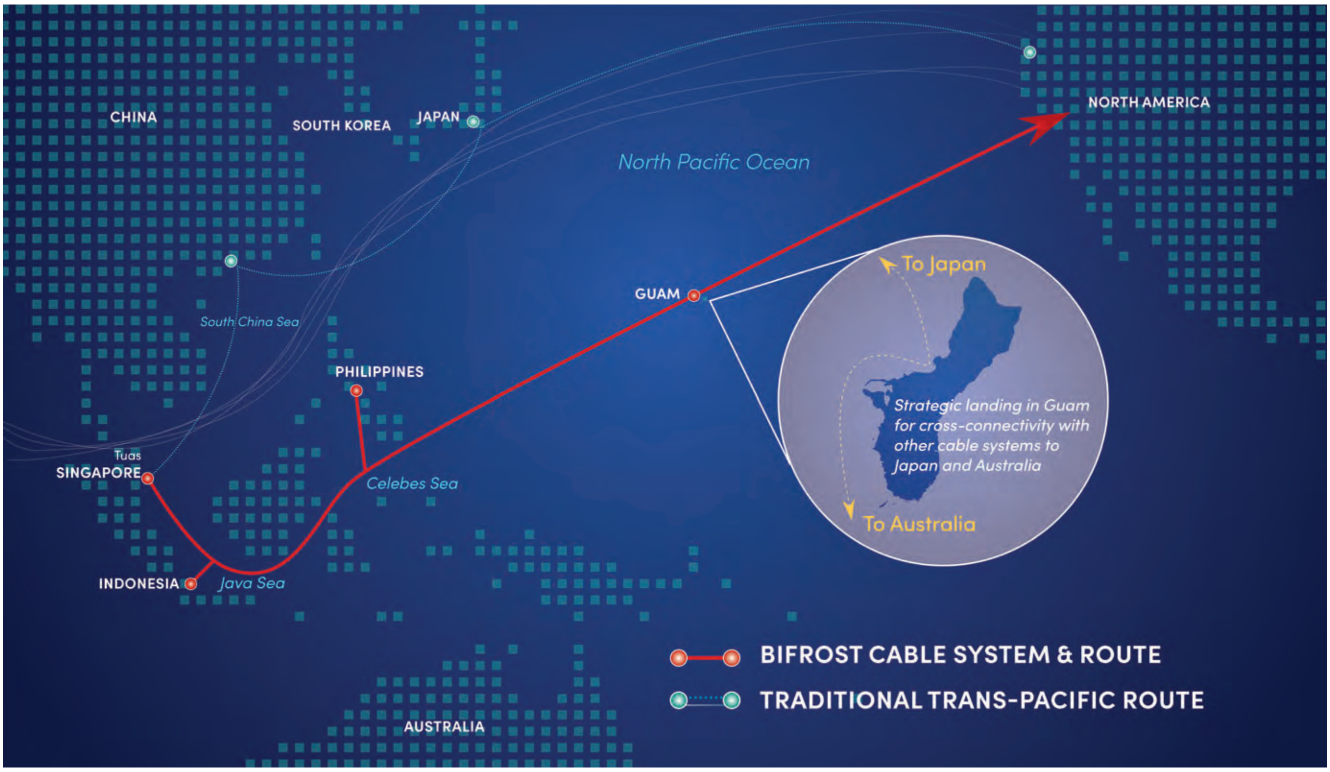
Bifrost presents many potential areas for synergy across Keppel's business units, including offering enhanced connectivity for Keppel Data Centres and M1. Keppel T&T is also working with Keppel Capital to secure funding from co-investors for Keppel's fibre pairs.

During the year, Keppel T&T made good progress on the Bifrost project, having secured leading Philippine internet service provider, Converge ICT Solutions, as its first customer, as well as commenced the manufacturing of the cable system. Keppel continues to see strong demand for its fibre pairs and is confident that most of them would be committed before the cable system is completed in 2024.

The global submarine cable systems market is projected to grow to US$23 billion by 2026, representing a CAGR of 10.5% from 2021 to 2026[1]. In particular, big cloud players such as Google, Apple, and Microsoft are increasingly investing in Asia Pacific as a hub for submarine cable infrastructure. To tap this burgeoning market, Keppel T&T is actively exploring

[1] Markets and Markets: Submarine Cable Systems Market Report – Global Forecast to 2026.

M1 is harnessing the low latency and network slicing attributes of 5G SA to provide next-generation 5G-powered solutions that have the ability to improve efficiency while meeting customers' needs.



In 2021, Keppel T&T entered into a joint build agreement with Facebook and Telin to jointly own and develop Bifrost, which directly connects Singapore to the west coast of North America via Indonesia through the Java Sea and Celebes Sea.

M1 is making good progress in the rollout of its 5G SA network coverage in Singapore, and expects to achieve nationwide outdoor coverage by end-2022.

opportunities to develop other submarine cable systems that will connect to other continents using Singapore as a hub.

DIGITAL CONNECTIVITY

In line with the Group's asset-light business model under Vision 2030, M1 unlocked value from $580 million worth of network assets in 2021. Capital freed through the transfer of network assets will be utilised for investments in 5G capabilities and digital solutions. M1 will continue to expand and offer its range of solutions and services to its enterprise customers, including small and medium-sized enterprises.

Today, consumers demand not just ease of connectivity and access to data, but also lower latency and higher speeds, which will drive the demand for 5G. According to Allied Market Research, the global 5G technology market, which was valued at US$5 billion in 2020, is projected to reach almost US$800 billion by 2030, growing at a CAGR of 65.8% from 2021 to 2030.

In 2021, M1 expanded its customer base to 2.2 million, up from 2.1 million in the previous year. The number of mobile customers grew 4% to 1.9 million as at end-2021. Notably, its postpaid customer base grew 6% yoy to 1.7 million as at end-2021, which is the second largest postpaid customer base in Singapore. Meanwhile, M1's fibre customer base increased 3% in 2021 to 235,000 customers.

In 2021, M1 continued to step up its efforts to power personalised experiences without limits, making significant headway in the rollout of its 5G SA network for all consumers.

M1's True 5G network was launched in an exclusive market trial in July 2021, which enabled all users to enjoy the revolutionary benefits of 5G SA. By adding the 5G Booster pack to their mobile plans, customers can experience faster speeds, close to real-time network responses and enhanced connectivity. M1, in partnership with Samsung, was also the first in the world to offer elevated call experiences via the Voice over 5G New Radio service on M1's 5G SA network. M1 has made good progress rolling out its 5G SA network where it achieved 50% outdoor coverage as at end-2021, and expects to achieve nationwide outdoor coverage by end-2022.

Following the consumer market trial, M1 was the first in Singapore to launch 5G SA commercialised enterprise solutions. As part of its rollout of 5G SA solutions for enterprises, M1 and Keppel Land unveiled a suite of intelligent solutions for Marina at Keppel Bay. Harnessing the low latency and network slicing attributes of 5G SA, the solutions demonstrated M1's readiness in providing next-generation 5G-powered solutions that have the ability to improve efficiency while meeting customers' needs.

To further M1's 5G ambition, M1 is partnering Workforce Singapore to upskill and train close to 10% of its entire workforce to build a pool of talent with up-to-date skills in 5G and emerging technologies through on-the-job training and relevant training courses.

M1 is also growing its Enterprise business and has embarked on regional expansion with the acquisition of Glocomp Systems, a digital solutions provider in Malaysia. Following the acquisition of AsiaPac Technology, which focuses on cloud services, the addition of Glocomp marks M1's continued expansion of its cloud and managed services business, providing strong synergies while further strengthening M1's enterprise digital service capabilities.

With the enhanced portfolio, M1 will drive opportunities and harness synergies within the Keppel Group to strengthen value propositions and create more business solutions to capture the B2B Connectivity and Information & Communication Technologies segments in the region.

With its wide range of end-to-end solutions for businesses and consumers, M1 will continue to work with technology companies and government agencies to drive 5G development. Some examples of the initiatives include the Infocomm Media Development Authority's open testbeds, where M1 is supporting businesses in developing, adopting and commercialising 5G solutions. M1 will also continue contributing towards enhancing Keppel's suite of solutions, as it explores more 5G-enabled business and collaboration opportunities across the Group.

ASSET MANAGEMENT

WE CREATE ENDURING VALUE WITH QUALITY INVESTMENT PRODUCTS AND PROVIDE A PLATFORM FOR RECYCLING CAPITAL AND TAPPING THIRD-PARTY FUNDS FOR GROWTH.

EARNINGS HIGHLIGHTS ($ million)

	2021	2020	2019
Revenue	**162**	135	145
EBITDA	**116**	276	123
Operating Profit	**113**	273	120
Profit before Tax	**327**	304	239
Net Profit	**301**	280	214

PROGRESS IN 2021

- Assets under management (AUM) grew by about 14% yoy to $42 billion[1].
- Raised total equity of about $3.5 billion and completed around $5.5 billion in acquisitions and divestments.
- Listed REITs and business trust continued to grow through strategic acquisitions, delivering sustainable returns and stable recurring income.
- Keppel Capital inked four separate managed accounts with global investors to invest in core infrastructure assets, high quality logistics assets and commercial real estate.

FOCUS FOR 2022/2023

- Grow the Group's AUM to $50 billion by end-2022, with target to further grow to $100 billion.
- Support Keppel's asset-light strategy by harnessing synergies across the Group to co-create quality solutions and deliver strong returns to investors.
- Facilitate the integration of Keppel's business units through OneKeppel Teams to build competitive advantage and tap third-party funds for growth.
- Pursue and develop innovative solutions in collaboration with other Keppel business segments and drive value chain integration.

The Asset Management segment comprises Keppel Capital, as well as the Group's holdings in the listed REITs and business trust, and private funds.

Despite gradual economic recovery, 2021 remained a challenging year for the global economy, with the emergence of new COVID-19 variants, continuing supply chain disruptions and geopolitical tensions. At the same time, volatility in global markets and inflation continued to fuel demand for real assets with long-term stable cash flows.

2021 was an active year for the Asset Management segment, which continued to create value for Keppel and investors. Keppel Capital grew its AUM[1] to $42 billion, an increase of about 14% from $37 billion a year ago. Looking ahead, Keppel Capital is on track to achieve its $50 billion AUM target by end-2022 and aims to further grow its AUM to $100 billion over time. Keppel Capital's asset management fees[2] rose steadily to $233 million in 2021, an increase of approximately 29% yoy.

Keppel continues to receive strong demand from investors for the funds under management, which are invested in real assets that can serve as effective hedges against rising inflation. During the year, Keppel Capital raised total equity of about $3.5 billion, and completed around $5.5 billion in acquisitions and divestments.

> Looking ahead, Keppel Capital is on track to achieve its $50 billion AUM target by end-2022 and aims to further grow its AUM to $100 billion.

Value creation remained a key focus for the listed REITs and business trust, which continued to grow through acquisitions and portfolio optimisation efforts during the year. In the private funds space, Keppel Capital achieved final close for Keppel Asia Infrastructure Fund (KAIF) and Keppel Data Centre Fund II (KDCF II), while continuing to invest strategically and proactively manage its portfolios to create and extract value in a timely manner.

During the year, the OneKeppel Data Centre and OneKeppel Infrastructure teams, comprising talent and expertise from various business units and functions, were established to focus on investments in data centres and various infrastructure asset classes respectively, including renewables, decarbonisation and environmental solutions. OneKeppel Teams adopt a cradle-to-maturity approach in evaluating opportunities across the projects' development stages, whether they are investments by the Group's operating entities, private funds, and/or listed REITs and business trust, thereby encouraging the integration of Keppel's business units and value chains.

As part of Keppel's integrated ecosystem, Keppel Capital is uniquely positioned to meet the rising demand for high-quality real assets that the Group can develop and operate. As it works toward Vision 2030, Keppel Capital will harness synergies across the Group to identify emerging opportunities and capture new profit pools across the lifespan of its investments.

REAL ESTATE

During the year, Keppel REIT Management continued with its portfolio optimisation efforts with the aim of enhancing the REIT's income resilience and improving total returns to Unitholders.

In 2021, Keppel REIT grew its portfolio in Singapore and Australia with the acquisition of Keppel Bay Tower, Singapore's first Green Mark Platinum (Zero Energy) commercial building, and Blue & William, a sustainable Grade A office building currently under development in North Sydney.

The addition of these two high quality buildings reinforces the Manager's discipline to build a sustainable portfolio that supports climate action as businesses move towards a low-carbon future. During the year, Keppel REIT also unlocked value with the divestment of 275 George Street in Brisbane, Australia.

Keppel REIT's sustainable Grade A office building, Blue & William, which is under development in North Sydney, is designed to achieve the 5 Star Green Star Design and As Built Rating by the Green Building Council of Australia, as well as the 5.5 Stars National Australian Built Environment Rating System Base Building Energy Rating.

[1] Gross asset value of investments and uninvested capital commitments on a leveraged basis to project fully-invested AUM.

[2] Includes 100% fees from subsidiary managers, joint ventures and associated entities, as well as share of fees based on shareholding stake in an associate with whom Keppel has strategic alliance.

As it works toward Vision 2030, Keppel Capital will harness synergies across the Group to identify emerging opportunities and capture new profit pools across the lifespan of its investments, from cradle to maturity.

With COVID-19 becoming increasingly endemic, Grade A commercial buildings with strong safety and service levels remain well positioned to attract and retain tenants. With sustainability at the core of the Keppel Group's strategy, the Manager will continue to actively manage its portfolio of Grade A commercial buildings to ensure stable and sustainable distributions to Unitholders and achieve long-term growth.

Over in the United States (US), Keppel Pacific Oak US REIT (KORE) expanded and solidified its presence in the fast-growing 18-Hour cities of Nashville, Tennesse, and Denver, Colorado, with the acquisitions of Bridge Crossing and 105 Edgeview respectively. Both cities are key growth markets that demonstrate positive economic and office fundamentals, as well as benefit from significant technology investments.

Notwithstanding the continued challenges posed by COVID-19, KORE will continue to focus on its key growth markets in the US, seeking high-quality assets and accretive acquisitions in Super Sun Belts and 18-Hour Cities, where demand for quality office spaces has been increasing as more people move out of the densely populated cities.

Meanwhile, Prime US REIT, in which Keppel Capital is a strategic partner, completed the acquisitions of Sorrento Towers in San Diego, California, and One Town Center in Boca Raton, Florida.

In the private equity space, Alpha Investment Partners (Alpha) secured a $360 million separate managed account (SMA) from PGGM, a cooperative Dutch pension fund service provider to focus on core-plus opportunities in commercial real estate.

In January 2022, Keppel Vietnam Fund (KVF) and a co-investor of KVF, together with Keppel Land, entered into a binding heads of agreement with Phu Long Real Estate Joint Stock Company and its subsidiary to acquire an interest in three residential land plots in Mailand Hanoi City, Hoai Duc District, in Hanoi. This marks the first acquisition by KVF since it achieved first closing of US$400 million.

DATA CENTRES

Value creation remains a priority for Keppel DC REIT Management, which continued to deliver on acquisitions and portfolio optimisation efforts, in line with its aim to grow its portfolio with at least 90% of its AUM invested in data centres.

During the year, Keppel DC REIT acquired three assets across the Netherlands, China and the UK, as well as invested in the bonds and preference shares issued by M1 Network Private Limited. It also completed the divestment of iseek Data Centre in Brisbane, Australia, which is in line with Keppel DC REIT's strategy to continually review and selectively consider divestments to ensure an optimal portfolio mix.

Keppel DC REIT is well positioned to benefit from the acceleration of digitalisation. Its strong operational expertise, extensive industry network and healthy balance sheet enable it to capture strategic opportunities for growth. Keppel DC REIT will also leverage the Keppel ecosystem which provides end-to-end solutions from project development to facilities management and innovative carbon reduction solutions to grow sustainably.

Collectively, Keppel Data Centres and the private data centre funds under Keppel Capital have more than $2 billion worth of assets under management and development, which Keppel DC REIT can potentially acquire.

Meanwhile, Keppel's private data centre funds, which are managed by Alpha, work in close collaboration with Keppel Data Centres to capture investment opportunities in greenfield and brownfield data centre assets in Asia Pacific and Europe.

In 2021, KDCF II secured Asian Infrastructure Investment Bank as an investor and achieved a closing with US$1.1 billion in total commitments, including co-investment capital. During the year, KDCF II also acquired its first project to develop a greenfield data centre in Shanghai. Since its launch in December 2020, KDCF II has attracted a diverse group of investors from Asia and Europe,

KDCF II, in collaboration with Keppel Data Centres, is developing a greenfield data centre in Shanghai, China.

As part of the Group's plan to grow its renewable energy portfolio, Keppel announced the acquisition of a majority joint venture stake in leading solar platform, Cleantech.

including sovereign wealth funds, financial institutions, insurance funds and pension funds.

INFRASTRUCTURE

Keppel Infrastructure Fund Management (KIFM), the Trustee-Manager of Keppel Infrastructure Trust (KIT) delivered stable performance in 2021, and declared a higher Distribution per Unit (DPU) of 3.78 cents in FY 2021, a 1.6% increase yoy. This is KIT's first DPU increase since FY 2016, and was supported by the strong and stable performance by Ixom and resilient cashflow contribution from KIT's overall portfolio.

Following a strategic review, KIFM has identified its targeted sectors for growth, focusing on core and core plus infrastructure businesses and assets in the developed markets of Asia Pacific and Europe, the Middle East and Africa. With a focus on evergreen, yield accretive businesses and assets that will benefit from secular growth trends, KIFM will continue to build a well-diversified portfolio of infrastructure businesses and assets that can generate long-term growth in distributions and contribute to building a sustainable future.

In February 2022, KIFM completed KIT's minority investment in Aramco Gas Pipelines Company, which holds a 20-year lease and lease back agreement over the usage rights of Aramco's gas pipelines network. KIT will receive quarterly payments backed by a minimum volume commitment from Aramco. Beyond income diversification, the investment also supports the energy transition of the Saudi economy through the use of gas.

On the private funds side, KAIF achieved its final close at the end of 2021, having received capital commitments of approximately US$1 billion from global institutional investors. In December 2021, Keppel Corporation, together with KAIF and a co-investor of KAIF, jointly acquired a majority joint venture stake in Cleantech Renewable Assets (Cleantech), a leading solar platform. The investment in Cleantech marks KAIF's first renewable energy investment and will form its beachhead into the burgeoning solar energy sector in Asia Pacific.

Seizing opportunities from the rising demand for infrastructure assets, Keppel Capital inked two SMAs for an aggregate of US$600 million from international financial institutions. Many investors see infrastructure as an attractive asset class that is less susceptible to major economic cycles and short-term fluctuations, and which also provides sustainable, stable and predictable income streams.

ALTERNATIVE ASSETS

In 2021, Keppel Capital partnered a global institutional investor to launch a China logistics property fund to invest in developing high-quality logistics assets in key logistics hubs in China. The inaugural China-focused logistics property fund has an initial total equity commitment of around RMB1.4 billion.

Meanwhile, Keppel-Pierfront Private Credit Fund achieved its second close of approximately US$500 million, including co-investment capital.

FINANCIAL REVIEW

WE WILL SUSTAIN VALUE CREATION THROUGH EXECUTION EXCELLENCE, AND STRONG FINANCIAL DISCIPLINE.

KEY PERFORMANCE INDICATORS

	2021 $ million	**21 vs 20 % +/(-)**	**2020 $ million**	**20 vs 19 % +/(-)**	**2019 $ million**
Revenue	**8,625**	31	6,574	(13)	7,580
Net Profit/(Loss)	**1,023**	n.m.f.	(506)	n.m.f.	707
Earnings/(Loss) per Share	**56.2 cts**	n.m.f.	(27.8) cts	n.m.f.	38.9 cts
Return on Equity	**9.1%**	n.m.f.	(4.6)%	n.m.f.	6.3%
Economic Value Added	**204**	n.m.f.	(1,368)	n.m.f.	188
Operating Cash Flow	**(275)**	n.m.f.	202	n.m.f.	(825)
Free Cash Flow	**1,750**	n.m.f.	(72)	n.m.f.	(653)
Total Cash Dividend per Share	**33.0 cts**	230	10.0 cts	(50)	20.0 cts

n.m.f. denotes no meaningful figure

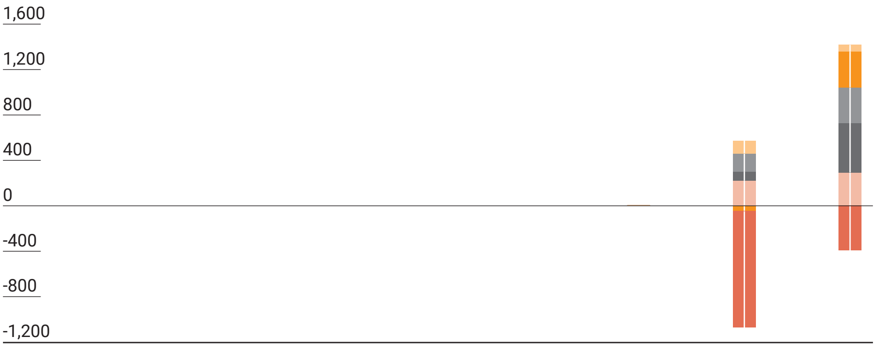
GROUP OVERVIEW

The Group achieved a net profit of $1.02 billion for 2021, reversing the net loss of $506 million a year ago. All segments registered improved year-on-year (yoy) performance. Urban Development continues to be the biggest contributor to the Group's bottom-line, earning $763 million in profits for the year. Connectivity also had a strong year with an almost fivefold increase in net profit. As the financial twin to other segments, the Asset Management business remains a major contributor, accounting for close to 30% of the Group's profits. In 2021, the Group recorded strong returns from our investments in start-ups and venture capital funds which are reported under Corporate & Others. Although Energy & Environment reported a net loss, the loss was significantly lower than the prior year's, and was largely attributable to the impairment provision for the Group's exposure to KrisEnergy.

The strong performance translated to earnings per share of 56.2 cents, as compared to loss per share of 27.8 cents in 2020. Correspondingly, Return on Equity (ROE) was positive 9.1%, compared to negative 4.6% for 2020. Economic Value

Recurring income grew 33% to $292 million in 2021 with stronger contributions from asset management and the REITs and business trust.

MULTIPLE INCOME STREAMS ($ million)



	2020	2021
Profit from Capital Recycling	111	**61**
FV Gain/(Loss) on Investments	(51)	**315**
Revaluation	163	**317**
EPC/Development for Sale	79	**436**
Recurring Income	220	**292**
Corporate Costs, Impairments and Others	(1,028)	**(398)**
Total	(506)	**1,023**

Added (EVA) was positive $204 million for 2021, compared to negative $1,368 million for 2020.

Free cash inflow of $1.75 billion was an improvement over the free cash outflow of $72 million in 2020. This was mainly due to proceeds from enbloc sales of certain China and Vietnam property trading projects, completion of the divestment of Keppel Bay Tower, as well as the disposal of M1's network assets, all of which are part of the Group's asset monetisation programme. In addition, higher dividend income, as well as lower investments and capital expenditure, partly offset by higher working capital requirements, further contributed to the improvement in free cash flow. Net gearing decreased from 0.91 times a year ago to 0.68 times at the end of 2021 on the back of reduced net debt as well as a higher equity base.

Total cash dividend for 2021 will be 33.0 cents per share, which is more than triple the total dividend for 2020. This comprises a proposed final cash dividend of 21.0 cents per share as well as an interim cash dividend of 12.0 cents per share paid in the third quarter of 2021.

In summary, the Group has delivered strong financial performance for 2021 with all segments performing better yoy, evidenced by the sharp improvement in ROE, healthy net gearing, and positive free cash flow. Guided by Vision 2030, the Group is committed to improving earnings quality, maintaining financial discipline, and building a sustainable future.

MULTIPLE INCOME STREAMS

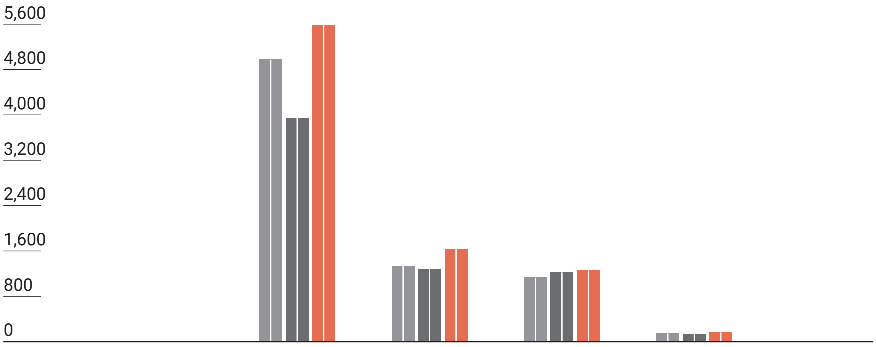
As part of Vision 2030, the Group remains focused on improving earnings quality with multiple income streams. In addition to the increase in recurring income, most of the other income streams also performed better yoy. Recurring income increased 33% to $292 million in 2021, underpinned by higher contributions from the stakes in the Group's REITs and business trust, and asset management business, as well as lower share of losses from offshore & marine associates. Earnings from EPC/ Development for Sale were much higher yoy on the back of several enbloc sales by the Urban Development segment in 2021. With the gradual recovery of the global economy from the COVID-19 crisis, the Group also recorded higher revaluation gains from investment properties and data centres, as well as fair value gains on investments, as compared to losses in the previous year. Impairments in 2021 of $514 million were much lower than in 2020, which had seen significant impairments largely from the offshore & marine business.

FINANCIAL REVIEW

SEGMENT OPERATIONS

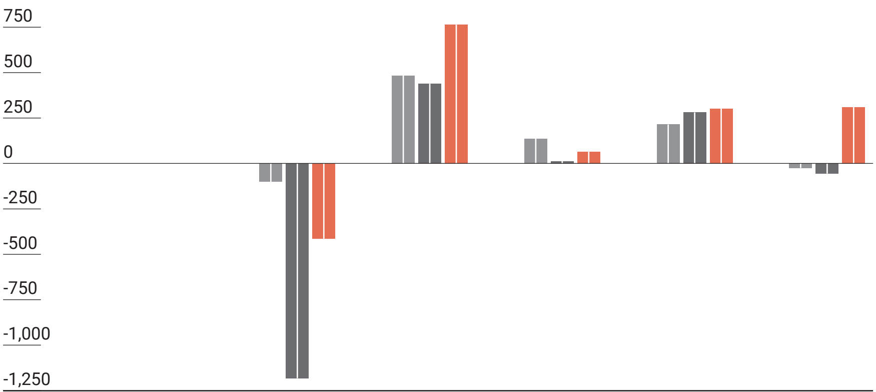
Group revenue of $8,625 million was $2,051 million or 31% higher than the preceding year. Revenue from Energy & Environment increased by $1,631 million or 41% to $5,574 million, led by higher electricity and gas sales, higher progressive revenue recognition from the Tuas Nexus Integrated Waste Management Facility project in Singapore which was secured in April 2020, higher progressive revenue recognition from the Hong Kong Integrated Waste Management Facility project, as well as higher revenue from the offshore & marine business. These were partially offset by the completion of the Keppel Marina East Desalination Plant project in June 2020, as well as the absence of revenue from the Doha North Sewage Treatment Works due to the cessation of the operation and maintenance contract in July 2020. The higher revenue in the offshore & marine business was mainly due to higher revenue recognition from certain ongoing projects and revenue from new projects in 2021, which were partly offset by cessation of revenue recognition on Awilco contracts and deferment of some projects. Major jobs delivered by the offshore & marine business in 2021 included two LNG bunker vessels, an LNG carrier, an FLNG turret, four Floating Production Storage and Offloading vessel modification and upgrading projects, and a Floating Storage Regasification Unit conversion project. Revenue from Urban Development increased by $354 million to $1,629 million mainly due to higher revenue from property trading projects in China and Singapore. Revenue for Connectivity of $1,260 million was marginally above that of 2020. Higher revenues from the logistics and data centre businesses, and higher handset and equipment sales by M1, were partly offset by the lower service revenue from M1. Revenue from Asset Management increased by $27 million to $162 million mainly due to higher fees resulting from increased acquisition and divestment activities, and from additional fund commitments secured during the year.

REVENUE ($ million)



	Energy & Environment	Urban Development	Connectivity	Asset Management	Corporate & Others
2019	4,969	1,336	1,128	145	2
2020	3,943	1,275	1,220	135	1
2021	**5,574**	**1,629**	**1,260**	**162**	**0**

NET PROFIT/(LOSS) ($ million)



	Energy & Environment	Urban Development	Connectivity	Asset Management	Corporate & Others
2019	(101)	483	136	214	(25)
2020	(1,181)	438	13	280	(56)
2021	**(414)**	**763**	**64**	**301**	**309**

Group net profit was $1,023 million, as compared to a net loss of $506 million in 2020. All segments recorded improved performance.

Energy & Environment's net loss was $414 million as compared to net loss of $1,181 million in 2020. Excluding impairments related to KrisEnergy in both years, the segment's net loss for 2021 was $96 million, a marked improvement from the prior year's net loss of $1,142 million. On the same basis, net loss from the offshore & marine business of $77 million was substantially lower than the $1,194 million net loss in the preceding year. This was mainly due to the larger impairments recognised in 2020, while 2021 benefitted from the share of Floatel's restructuring gain. Excluding revaluations, impairments and divestments in both years, net loss from offshore & marine decreased from $301 million to $181 million. The better results, despite much lower government relief measures related to the COVID-19 pandemic, were largely due to the focus on overheads reduction, as well as the lower share of losses from associated companies, partly offset by higher net interest expense. The contribution from our infrastructure business was resilient despite volatile global energy prices as well as COVID-19's impact on ongoing operations and projects, due to strong execution and risk management. The 2021 results included $23 million of closure costs on interest rate swaps following the refinancing plan for an asset.

Net profit from Urban Development increased by 74% or $325 million to $763 million. The strong results were driven by higher contributions from property trading projects in China and Vietnam, as well as gains from the disposal of interests in the Dong Nai project in Vietnam, Serenity Villas project in Chengdu, and China Chic project in Nanjing, and divestment of a partial interest in Tianjin Fushi Real Estate

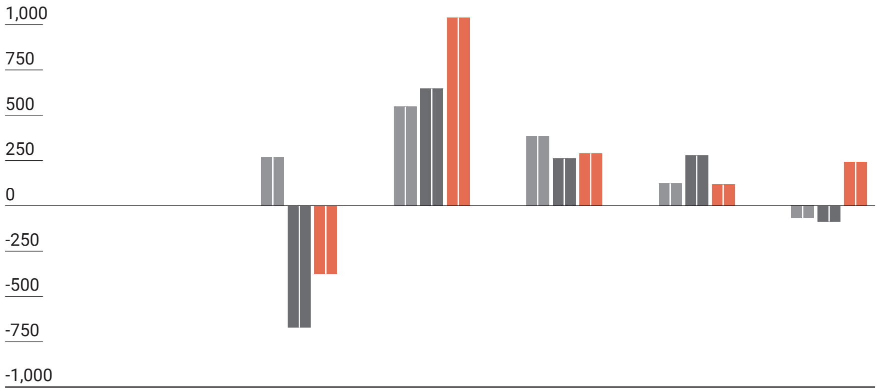
Development Co., Ltd. These were partly offset by lower fair value gains from investment properties, impairment provision for a hotel in Myanmar, as well as lower contribution from the Sino-Singapore Tianjin Eco-City which saw lower profits from the sale of one commercial & residential land plot in 2021 as compared to two residential land plots in the prior year.

Connectivity's net profit of $64 million was $51 million higher than 2020. Our data centre business saw an improvement in bottom-line by $11 million, largely supported by gains from the disposals of a data centre in Frankfurt and Keppel's stake in Cloud Engine (Beijing) Network Technology. Net profit from M1 was $57 million in 2021 compared to $65 million in the preceding year. Excluding COVID-19-related government grants in both years, M1's net profit would have been $7 million higher yoy. Despite lower service revenue, M1's profit contribution remained strong through cost and overheads management. Logistics' net profit of $26 million was a reversal from the prior year's net loss of $22 million. This was led by lower operating loss, as well as gains from divestment of interests in Wuhu Sanshan Port Company Limited and in Keppel Logistics (Foshan), following an agreement reached with local authorities on the compensation for the closure of the Lanshi port.

Net profit from Asset Management increased by $21 million to $301 million. In 2020, there was a mark-to-market gain recognised from the reclassification of the Group's interest in Keppel Infrastructure Trust (KIT) from an associated company to an investment following the loss of significant influence over KIT. Excluding the reclassification gain, net profit was $152 million higher than 2020. For 2021, the segment recorded higher fee income arising from acquisitions and divestments completed, and from additional fund commitments secured during the year. In addition, there was recognition of mark-to-market gains from investments, higher dividend income from KIT, as well as fair value gains on investment properties and data centres from Keppel REIT, Keppel DC REIT, Alpha Data Centre Fund and Keppel Data Centre Fund II. In 2020, there was the recognition of gains from the sale of units in Keppel DC REIT, divestment of interest in Gimi MS Corporation, and mark-to-market losses from investments.

Corporate & Others recorded net profit of $309 million in 2021 as compared to net loss of $56 million in the prior year.

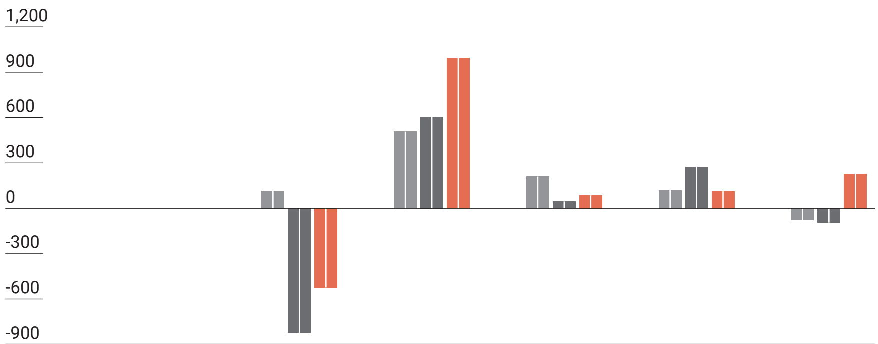
EBITDA ($ million)



	Energy & Environment	Urban Development	Connectivity	Asset Management	Corporate & Others
2019	268	545	385	123	(69)
2020	(671)	645	259	276	(87)
2021	**(376)**	**1,036**	**288**	**116**	**241**

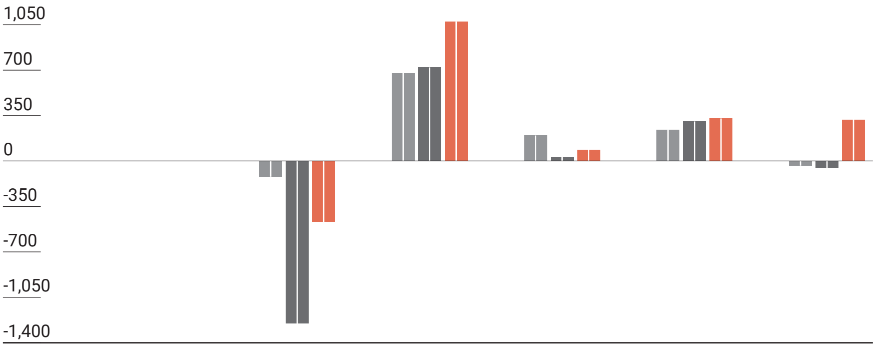
All business segments recorded higher revenues, contributing collectively to a 31% increase in Group revenue at $8.62 billion in FY 2021.

OPERATING PROFIT/(LOSS) ($ million)



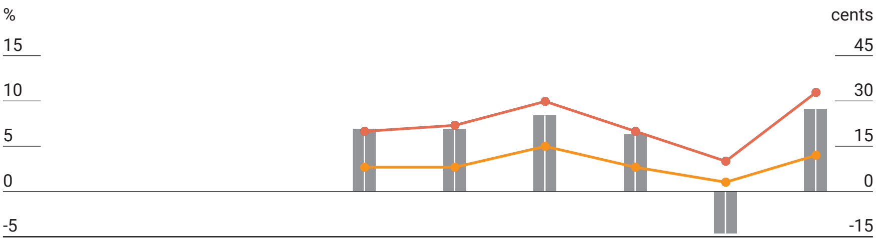
	Energy & Environment	Urban Development	Connectivity	Asset Management	Corporate & Others
2019	116	507	210	120	(76)
2020	(822)	605	46	273	(94)
2021	**(522)**	**993**	**86**	**113**	**228**

PROFIT/(LOSS) BEFORE TAX ($ million)



	Energy & Environment	Urban Development	Connectivity	Asset Management	Corporate & Others
2019	(121)	676	196	239	(36)
2020	(1,251)	720	29	304	(57)
2021	**(469)**	**1,072**	**86**	**327**	**319**

ROE & DIVIDEND



	2016	2017	2018	2019	2020	**2021**
ROE (%)	6.9	6.9[1]	8.4	6.3	(4.6)	**9.1**
Full Year Dividend (cts)	20	22	30	20	10	**33**
Interim Dividend (cts)	8	8	15[2]	8	3	**12**

1 Excludes one-off financial penalty from global resolution & related costs.
2 Includes special cash dividend of 5.0 cents/share.

This was mainly due to fair value gains instead of losses on investments, and higher investment income. The fair value gains were largely from investments in new technology and start-ups, in particular, Envision AESC Global Investment L.P..

SHAREHOLDER RETURNS

ROE was positive 9.1%, compared to negative 4.6% in the previous year, backed by the strong growth in profitability.

Taking into account the strong performance of the Group, and to reward shareholders for their confidence in the Company, the Company will be distributing a total cash dividend of 33.0 cents per share for 2021, comprising a proposed final cash dividend of 21.0 cents per share as well as the interim cash dividend of 12.0 cents per share distributed in the third quarter of 2021. On a per share basis, it translates into a gross yield of 6.4% on the Company's last transacted share price of $5.12 as at 31 December 2021.

ECONOMIC VALUE ADDED

In 2021, EVA was positive $204 million as compared to negative $1,368 million in the previous year. This was attributable to a net operating profit after tax in 2021 as compared to net operating loss after tax in 2020, as well as lower capital charge.

Capital charge decreased by $143 million as a result of lower Weighted Average Cost of Capital (WACC), partly offset by higher Average EVA Capital Employed.

EVA

	2021 $ million	**21 vs 20 +/(-)**	**2020 $ million**	**20 vs 19 +/(-)**	**2019 $ million**
Profit/(loss) after tax (Note 1)	**735**	1,467	(732)	(1,526)	794
Adjustment for:					
Interest expense	**251**	(41)	292	(21)	313
Tax effect on interest expense adjustments (Note 2)	**(43)**	7	(50)	3	(53)
Provisions, deferred tax, amortisation & other adjustments	**121**	(4)	125	3	122
Net Operating Profit After Tax (NOPAT)	**1,064**	1,429	(365)	(1,541)	1,176
Average EVA Capital Employed (Note 3)	**20,283**	29	20,254	2,188	18,066
Weighted Average Cost of Capital (Note 4)	**4.24%**	(0.71)%	4.95%	(0.52)%	5.47%
Capital Charge	**(860)**	143	(1,003)	(15)	(988)
Economic Value Added	**204**	1,572	(1,368)	(1,556)	188

Notes:
1. Profit/(loss) after tax excludes net revaluation gain on investment properties.
2. The reported current tax is adjusted for statutory tax impact on interest expenses.
3. Average EVA Capital Employed is derived from the averages of net assets, interest-bearing liabilities, timing of provisions, and other adjustments.
4. WACC is calculated in accordance with the Keppel Group EVA Policy as follows:
    a. Cost of Equity using Capital Asset Pricing Model with market risk premium set at 5.0% (2020: 5.0%);
    b. Risk-free rate of 0.90% (2020: 1.75%) based on yield-to-maturity of Singapore Government 10-year Bonds;
    c. Unlevered beta at 0.72 (2020: 0.72); and
    d. Pre-tax Cost of Debt at 0.49% (2020: 1.48%) using 5-year Singapore Dollar Swap Offer Rate plus 85 basis points (2020: 60 basis points).

Net gearing decreased to 0.68x as at end-2021 from 0.91x as at end-2020, supported by Keppel's asset-light business model and proactive asset monetisation.

WACC decreased from 4.95% to 4.24% mainly due to a decrease in risk-free rate and lower cost of debt. Average EVA Capital Employed increased by $29 million from $20.25 billion to $20.28 billion mainly due to higher equity.

FINANCIAL POSITION

Group shareholders' funds increased by $0.93 billion to $11.66 billion as at 31 December 2021. The increase was mainly attributable to retained profits, an increase in fair value on cash flow hedges and foreign exchange translation gains, partly offset by the final dividend payment of 7.0 cents per share in respect of financial year 2020, the interim dividend payment of 12.0 cents per share in respect of the half year ended 30 June 2021, and fair value losses from investments held at fair value through other comprehensive income.

Group total assets were $32.32 billion as at 31 December 2021, $0.22 billion higher than the previous year end. Non-current assets decreased mainly due to depreciation and disposal of fixed assets, partly offset by fair value gains in investment properties and fair value gains of investments. There was also the reclassification of long-term assets, fixed assets, investments in associated companies and right-of-use assets to assets classified as held for sale. The increase in current assets was mainly due to an increase in bank balances, deposits & cash and contract assets, partly offset by a decrease in debtors and stocks, as well as a lower amount of assets classified as held for sale.

Group total liabilities of $19.88 billion as at 31 December 2021 were $1.07 billion lower than the previous year end. This was largely attributable to the decrease in contract liabilities and net repayment of term loans, partly offset by the increase in creditors.

Group net debt decreased by $1.72 billion to $8.40 billion as at 31 December 2021, driven largely by proceeds from divestments, partly offset by working capital requirements and dividend payments. Total equity increased by $1.29 billion, mainly due to increase in shareholders' funds as explained above and the issuance of perpetual securities during the year. As a result, group net gearing ratio decreased from 91% as at 31 December 2020 to 68% as at 31 December 2021.

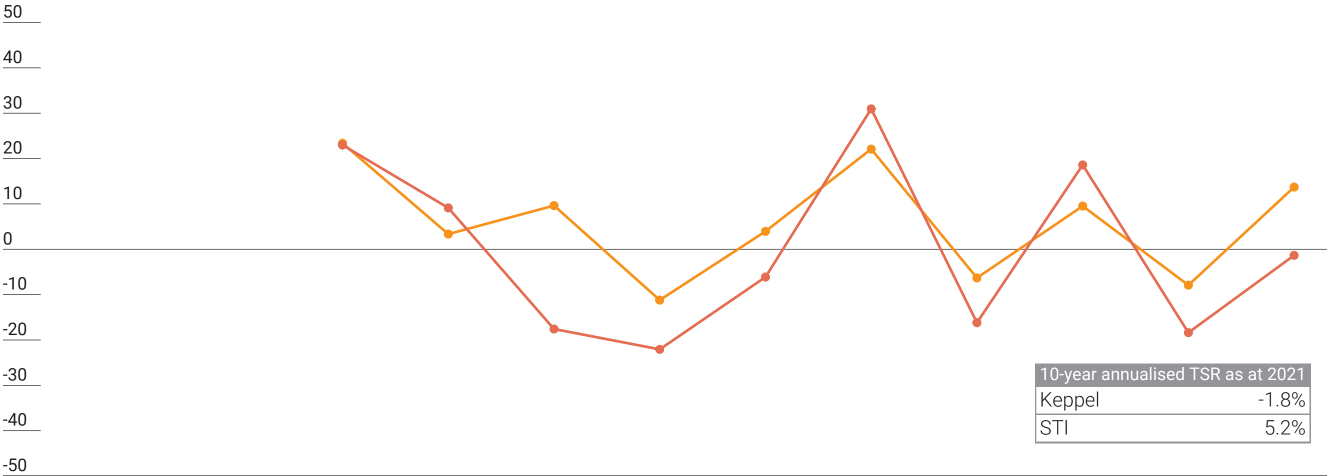
TOTAL ASSETS OWNED ($ million)

	2019	2020	**2021**
Fixed assets	2,902	2,716	**2,044**
Properties	3,022	3,674	**4,256**
Right-of-use assets	760	583	**529**
Associated companies, joint ventures & investments	7,121	7,355	**7,525**
Stocks	5,543	4,959	**4,604**
Contract assets	3,497	2,657	**3,170**
Debtors & others	6,693	7,682	**6,578**
Bank balances, deposits & cash	1,784	2,480	**3,617**
Total	31,322	32,106	**32,323**

TOTAL LIABILITIES OWED AND CAPITAL INVESTED ($ million)

	2019	2020	**2021**
Shareholders' funds	11,211	10,728	**11,655**
Perpetual securities	–	–	**401**
Non-controlling interests	435	428	**385**
Creditors	5,795	5,831	**6,436**
Contract liabilities	1,825	2,072	**1,002**
Term loans & bank overdrafts	11,060	12,039	**11,455**
Lease liabilities	597	564	**562**
Other liabilities	399	444	**427**
Total	31,322	32,106	**32,323**

TOTAL SHAREHOLDER RETURN (%)



	2012	2013	2014	2015	2016	2017	2018	2019	2020	**2021**
Keppel	22.9	9.0	(17.8)	(22.3)	(6.3)	30.9	(16.4)	18.5	(18.6)	**(1.5)**
STI	23.3	3.2	9.5	(11.4)	3.8	22.0	(6.5)	9.4	(8.1)	**13.6**

Source: Bloomberg

TOTAL SHAREHOLDER RETURN

Our 2021 Total Shareholder Return (TSR) of negative 1.5% was 15.1 percentage points below the benchmark Straits Times Index's (STI) TSR of positive 13.6%. Our 10-year annualised TSR growth rate was negative 1.8% as compared to STI's positive 5.2%.

CASH FLOW

Free cash inflow was $1.75 billion in 2021 as compared to free cash outflow of $72 million in 2020. The improved free cash flow over the preceding year was mainly due to proceeds from enbloc sales of certain China and Vietnam property trading projects, the completion of the divestment of Keppel Bay Tower, as well as the disposal of M1's network assets, all of which were part of the Group's asset monetisation programme.

Total distribution to shareholders of the Company and non-controlling shareholders of subsidiaries for the year amounted to $357 million.

BORROWINGS[1]

The Group borrows from local and foreign banks in the form of short-term and long-term loans and project loans. The Group also taps the debt capital market via issuance of primarily Singapore dollar bonds. Total Group borrowings excluding lease liabilities as at the end of 2021 were $11.5 billion (2020: $12.0 billion and 2019: $11.1 billion). At the end of 2021, 41% (2020: 37% and 2019: 41%) of Group borrowings were repayable within one year with the balance largely repayable more than two years later.

Unsecured borrowings constituted 94% (2020: 94% and 2019: 96%) of total

CASH FLOW

	2021 $ million	**21 vs 20 +/(-)**	**2020 $ million**	**20 vs 19 +/(-)**	**2019 $ million**
Operating profit	**898**	890	8	(869)	877
Depreciation, amortisation & other non-cash items	**(570)**	(661)	91	(36)	127
Cash flow provided by operations before changes in working capital	**328**	229	99	(905)	1,004
Provisions made for stocks, contract assets and doubtful debts	**246**	(455)	701	662	39
Working capital changes	**(432)**	(264)	(168)	1,318	(1,486)
Interest receipt and payment & tax paid	**(417)**	13	(430)	(48)	(382)
Net cash from/(used in) operating activities	**(275)**	(477)	202	1,027	(825)
Investments & capital expenditure	**(695)**	536	(1,231)	1,082	(2,313)
Divestments & dividend income	**2,718**	1,820	898	370	528
Advances from/(to) associated companies & joint ventures	**2**	(57)	59	(38)	97
Net cash from/(used in) investing activities	**2,025**	2,299	(274)	1,414	(1,688)
Free cash flow	**1,750**	1,822	(72)	2,441	(2,513)
Dividend paid to shareholders of the Company & subsidiaries	**(357)**	(60)	(297)	133	(430)

borrowings with the balance secured by properties and other assets. Secured borrowings are mainly for financing of investment properties and project finance loans for property development projects. The net book value of properties and assets pledged/mortgaged to financial institutions amounted to $2.22 billion (2020: $2.22 billion and 2019: $0.96 billion).

Fixed rate borrowings constituted 70% (2020: 62% and 2019: 63%) of total borrowings after taking into account the effect of derivative financial instruments with the balance at floating rates. Excluding notional hedge amount relating to highly probable future borrowings, the Group has cross currency swap and interest rate swap agreements with notional amount totalling $4,643 million whereby it receives foreign currency fixed rates and variable rates equal to EURIBOR and AUD BBSY (in the case of the cross currency swaps) and variable rates equal to SOR, SORA and USD-LIBOR (in the case of interest rate swaps) and pays fixed rates of between 0.19% and 3.62% on the notional amount. Details of these derivative financial instruments are disclosed in the notes to the financial statements.

Singapore dollar borrowings represented 64% (2020: 73% and 2019: 78%) of total borrowings after taking into account the effect of derivative financial instruments. The balance was mainly in US dollars. Foreign currency borrowings were drawn to hedge against the Group's overseas investments and receivables that were denominated in foreign currencies.

The weighted average tenor of the Group's debt was about three years at end-2021 and at end-2020, with an increase in average cost of funds as compared to end-2020.

CAPITAL STRUCTURE & FINANCIAL RESOURCES

The Group maintains a strong balance sheet and an efficient capital structure to maximise return for shareholders.

Total equity as at end-2021 was $12.44 billion as compared to $11.16 billion as at end-2020 and $11.65 billion as at end-2019. The Group was in a net debt (including lease liabilities) position of $8,400 million as at end-2021, which was below the $10,123 million as at end-2020 and the $9,874 million as at end-2019. The Group's net gearing ratio was 0.68 times as at end-2021, compared to 0.91 times as at end-2020.

At the Annual General Meeting in 2021, shareholders gave their approval for the mandate to buy back shares. During the year, 2,560,000 shares were bought back and held as treasury shares. The Company also transferred 4,668,215 treasury shares to employees upon vesting of shares released under the KCL Share Plans. As at the end of the year, the Company had 943,259 treasury shares. Except for the transfer, there was no other sale, transfer, disposal, cancellation and/or use of treasury shares during the year.

DEBT MATURITY[1] ($ million)

> 5 Years	1,213	10%
4-5 Years	894	8%
3-4 Years	1,242	11%
2-3 Years	1,794	16%
1-2 Years	1,653	14%
< 1 Year	4,659	41%
Total	**11,455**	**100%**

Free cash inflow surged to $1.75 billion in FY 2021 from a $72 million outflow in FY 2020, backed by strong progress in Keppel's asset monetisation programme.

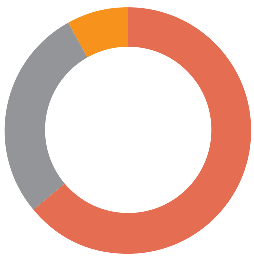
SECURED/UNSECURED BORROWINGS[1] (%)

Secured	6
Unsecured	94
Total	**100**

FIXED/FLOATING BORROWINGS[1] (%)

Fixed	70
Floating	30
Total	**100**

BORROWINGS BY CURRENCY[1] (%)



SGD	64
USD	28
Others	8
Total	**100**

[1] Borrowings exclude lease liabilities.

The Group's strong financial capacity allows us to both pursue growth opportunities in line with Vision 2030 and reward shareholders.

The Group continues to be able to tap into the debt capital market at competitive terms.

As part of its liquidity management, the Group has built up adequate cash reserves as well as sufficient undrawn banking facilities and capital market programmes. Funding of working capital requirements, capital expenditure and investment needs was made through a mix of short-term money market borrowings, commercial papers, bank loans as well as medium/long-term bonds via the debt capital market.

As at end-2021, total available credit facilities, including cash at Corporate Treasury and bank guarantee facilities, amounted to $8.08 billion (2020: $6.53 billion).

CRITICAL ACCOUNTING JUDGMENTS & ESTIMATES

The Group's significant accounting policies are discussed in more detail in the notes to the financial statements. The preparation of financial statements requires management to exercise its judgment in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions which affect the reported amounts of assets, liabilities, income and expenses. Critical accounting judgments and estimates are described in Note 2.28 to the financial statements.

NET DEBT/(GEARING)

Net Gearing = $\frac{\text{Borrowings + Lease Liabilities − Cash}}{\text{Total Equity}}$

	2019	2020	**2021**
Net Debt	(9,874)	(10,123)	**(8,400)**
Total Equity	11,646	11,156	**12,441**
Net Gearing	(0.85)	(0.91)	**(0.68)**

INTEREST COVERAGE

Interest Coverage = $\frac{\text{EBIT}}{\text{Interest Cost}}$

Note: EBIT = Profit before tax + Interest expense

	2019	2020	**2021**
EBIT	1,266	38	**1,586**
Total Interest Cost	336	337	**311**
Interest Cover	3.77	0.11	**5.10**

FINANCIAL CAPACITY

	$ million	Remarks
Cash at Corporate Treasury	1,331	37% of total cash of $3.62 billion
Available credit facilities to the Group	6,751	Credit facilities of $11.96 billion, of which $5.21 billion was utilised
Total	**8,082**	

KEPPEL CORPORATION LIMITED

ENERGY & ENVIRONMENT

- Offshore & Marine
- Power & Renewables
- Environment
- New Energy

KEPPEL OFFSHORE & MARINE LTD 100%

KEPPEL INFRASTRUCTURE HOLDINGS PTE LTD 100%

KEPPEL RENEWABLE ENERGY PTE LTD 100%

URBAN DEVELOPMENT

- Urban Space Solutions
- End-to-End Master Development

KEPPEL LAND LIMITED 100%

KEPPEL URBAN SOLUTIONS PTE LTD 100%

SINO-SINGAPORE TIANJIN ECO-CITY INVESTMENT AND DEVELOPMENT CO., LTD[1] *China* 50%

CONNECTIVITY

- Data Centres
- Subsea Cable Systems
- Digital Connectivity
- Logistics

KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD[2] 100%

M1 LIMITED[3] 100%

ASSET MANAGEMENT

- Asset Management
- REITs & Business Trust
- Private Funds

KEPPEL CAPITAL HOLDINGS PTE LTD 100%

KEPPEL REIT[4,6] 47%

KEPPEL DC REIT[5,6] 20%

KEPPEL PACIFIC OAK US REIT[6] 7%

GROUP CORPORATE SERVICES

Control & Accounts	Human Resources	Risk & Compliance
Corporate Communications	Information Technology	Strategy & Development
Cyber Security	Internal Audit	Sustainability
Digital Office	Legal	Tax
Health, Safety & Environment	Mergers & Acquisitions	Treasury

Notes:

1 Owned by a Singapore Consortium, which is in turn 90%-owned by the Keppel Group.
2 Owns 70% of Keppel Data Centres Holding Pte Ltd, with Keppel Land Limited owning the remaining 30%.
3 Owned by Keppel Telecommunications & Transportation Ltd (19%), and Konnectivity Pte Ltd (81%), which is in turn 80%-owned by the Keppel Group.
4 Owned by Keppel Land Limited (40%) and Keppel Capital Holdings Pte Ltd (7%).
5 Owned by Keppel Telecommunications & Transportation Ltd (19.6%) and Keppel DC REIT Management Pte Ltd (0.4%).
6 Public listed company.

Updated as at 25 February 2022. This Group Structure illustrates the key business units of Keppel Corporation Limited. A complete list of significant subsidiaries, associated companies and joint ventures is available in Note 40 of the Notes to Financial Statements in this Report.