

SECTION 1

BUSINESS OPERATIONS

1. POLICY AND BUSINESS OVERVIEW

Keppel Thai Properties Public Company Limited (KTP), previously known as Five Star Properties Company Limited, was converted and registered as a Public Company Limited on 1 June 1994. It was renamed Keppel Thai Properties Public Company Limited on 9 July 2002 following the acquisition of a 45.45% stake in the Company by Keppel Land Limited (Keppel Land). KTP's core business is in real estate development. The Company has a registered and paid-up capital of Baht 2.2 billion as at 31 December 2014.

KTP has two landed residential developments in Bangkok under the Villa Arcadia brand. Featuring modern architecture, tropical landscaping and quality finishes, Villa Arcadia Srinakarin and Villa Archadia Watcharapol are located within close proximity to major amenities and Bangkok's central business district (CBD). Homebuyers of the properties include those from the middle-and upper-middle market segments.

Additionally, KTP holds a 28.36% stake in an office development, Jewellery Centre Building, located at the fringe of Bangkok's CBD.

The Company also holds shareholding of more than 50% in nine property development companies which include:

- Thai-Kami Company Limited
- Gold Star Property Company Limited
- Top Property Company Limited
- Cornerstone Realty Company Limited
- Utayan Property Development Company Limited
- Utayan Town Development Company Limited
- Utayan Real Estate Development Company Limited
- Utayan Urban Development Company Limited
- Utayan Realty Company Limited

1.1 VISION, TARGET AND STRATEGY

Our vision:

To be a developer of choice, creating hallmark quality properties of enduring value for the community and achieving sustainable returns for our shareholders.

Our Target:

We target to bring positive financial results to KTP through asset investments and property trading.

Our Strategy:

Keppel Thai Properties will seek opportunities to invest and develop various real estate projects in Thailand.

1.2 SIGNIFICATION EVENTS IN YEAR 2014**April**

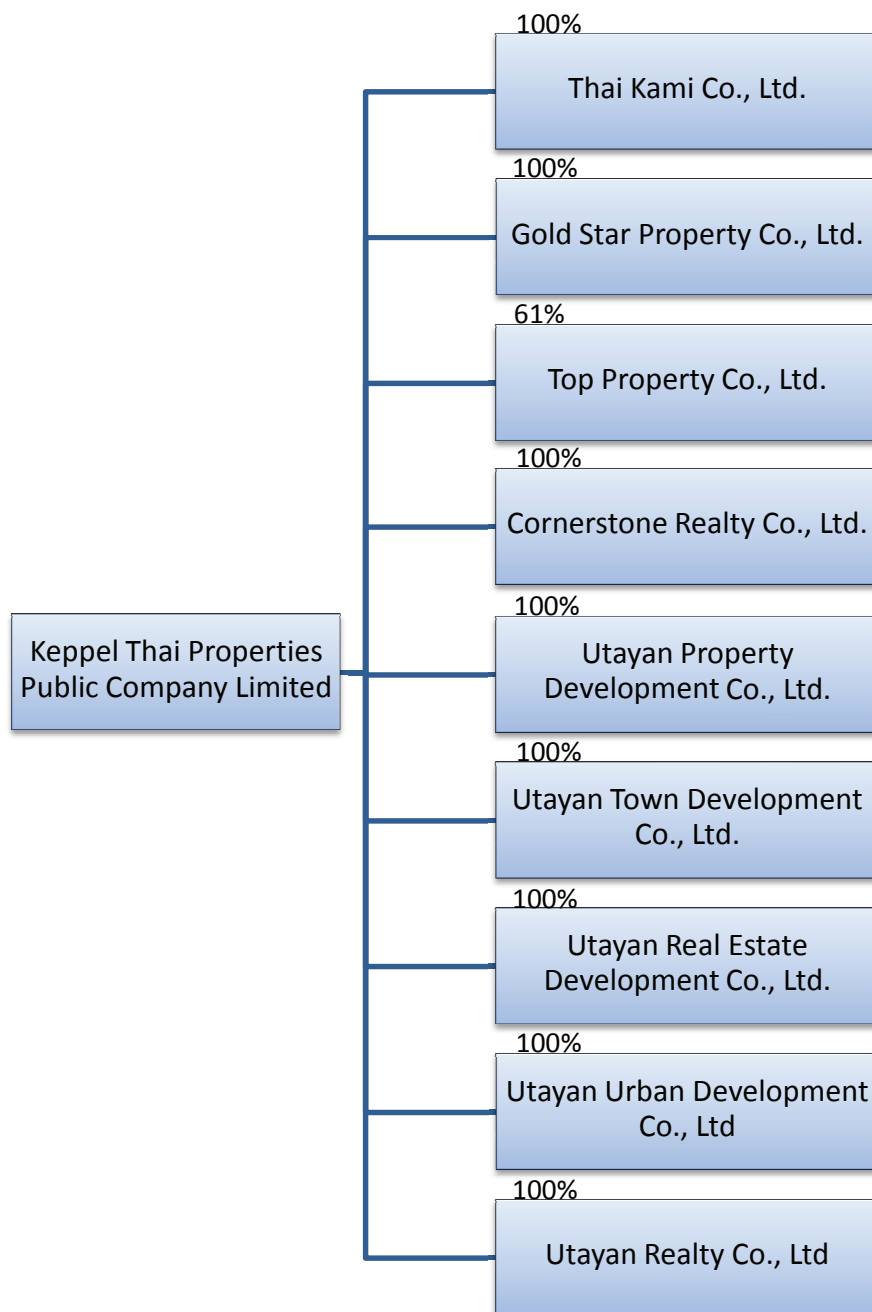
- Obtained approval on amendments to the Company's business objective for greater flexibility as well as expansion of businesses to cover construction works and project management consultancy were approved.

September

- Obtained approval on renewal of loan agreement for Top Property Co., Ltd. to the amount of Baht 936 million in the proportions of 61% to KTP and 39% to Keppel Land Financial Services.
- Obtained approval on inter-company loan facilities to Thai-Kami Co., Ltd. of the amount of Baht 650 million, Gold Star Co., Ltd. of the amount of Baht 200 million and Cornerstone Realty Co., Ltd. of the amount of Baht 300 million for the purposes of development, construction and working capital.

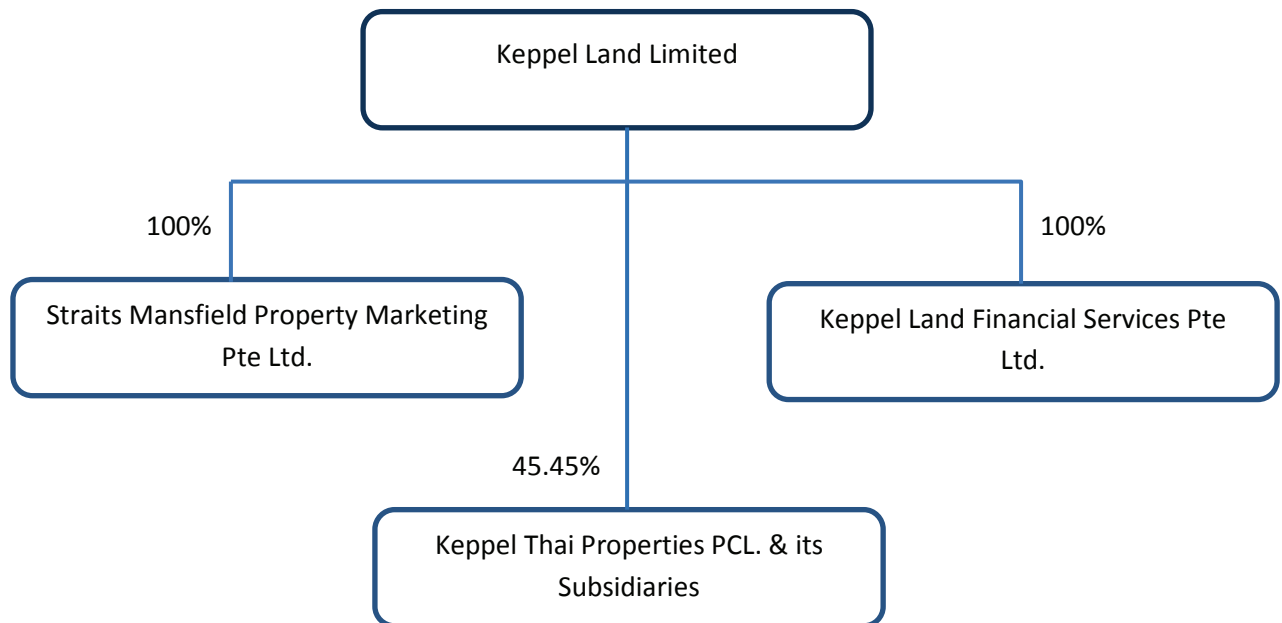
1.3 GROUP STRUCTURE

as of 31 December 2014



1.4 RELATIONSHIP WITH MAJOR SHAREHOLDERS

KTP is listed on the Stock Exchange of Thailand (SET). The Company is a subsidiary of Keppel Land, one of the largest listed property companies by total assets on the Singapore Exchange. Also one of Asia's premier property developers, Keppel Land provides urban living solutions through the twin core businesses of property development for sale and property fund management.



KTP has entered into an agreement with Straits Mansfield Property Marketing Pte Ltd. to provide professional advice and consultancy as well as internal auditing services. In addition to bank loans, KTP, through its subsidiary, Top Property Company Limited (TOP) has also entered into a loan agreement with Keppel Land Financial Services Pte Ltd. (KLFS) to provide working capital.

The aforementioned are deemed normal business transactions based on reasonable commercial terms and have been approved by KTP's Board of Directors.

2. NATURE OF BUSINESS

REVENUE OF KEPPEL THAI PROPERTIES (KTP) AND ITS SUBSIDIARIES AS AT 31 DECEMBER 2014

Product Line / Business Group	Operated by	% Shares held by KTP	Revenue (Million Baht)					
			2014	%	2013	%	2012	%
Lease and Services of office space	KTP	-	36.3	10.1	38.3	25.7	40.6	24.5
Sale of Land and Houses	Thai-Kami Gold Star Cornerstone Top Property	100% 100% 100% 61%	309.3	85.6	108.7	73.1	95.0	57.3
Others	-	-	15.5	4.3	1.8	1.2	30.2	18.2
Total	-	-	361.1	100.0	148.8	100.0	165.8	100.0

Note: Details of revenue of KTP and its subsidiary companies are disclosed in the Company's Financial Statements

2.1 BUSINESS OPERATIONS OF THE COMPANY AND ITS SUBSIDIARIES

KTP and its subsidiaries are in the main business of property development of homes for sale as well as the leasing of a commercial building.

2.1.1 Property Development for Sale

VILLA ARCADIA SRINAKARIN

Comprising 365 detached houses within a gated community, Villa Arcadia Srinakarin is situated close to the Suvarnabhumi International Airport. It is well-connected to the central business district via the highway and the outer ring road. The development enjoys convenient amenities such as prominent international school, hospitals, and shopping centres within the vicinity. A new monorail train line, expected to commence operations in 2019, will further enhance the ease of commuting between Villa Arcadia Srinakarin and the central business district.

Phase one, comprising 209 units, is 94.2% sold as at 28 February 2015. Phase Two, comprising 156 units, launched 55 units in October 2013 and is about 70.9 % sold as at 28 February 2015.

VILLA ARCADIA WATCHARAPOL

Villa Arcadia Watcharapol comprises 270 detached houses. Well-connected by the Ram Intra-Art Narong Expressway and Eastern Outer Ring Road, the development is about a 30-minute drive from the central business district. A new six-lane road, Phahonyothin-Rattanakosin Sompotch, will be completed in 2015, further improving accessibility to Villa Arcadia Watcharapol. A new community mall with a home office centre opposite the development was launched in November 2014 and will be fully operational in 2015. The vicinity is well-known for its food and beverage outlets. A new extended sky train line close to the development is expected to start operations in 2017. In addition, a new monorail line nearby to link the central business district to the Chapraya River is expected to start operations in 2019.

About 60.0% of the 45 launched units have been sold 60% as at 28 February 2015.

2.1.2 Other Operations**JEWELLERY CENTRE BUILDING**

KTP also owns a 34-storey commercial building, Jewellery Centre Building, located at 138 Nares Road, Si Phraya Subdistrict, Bang Rak District, Bangkok. As at 31 December 2014, the retained interest under the Company's name for sales and lease is 12,145.64 sq.m. or 28.36% of the total gross area. The building was about 85.0% leased out as at 28 February 2015.

2.2 MARKET ANALYSIS

KTP conducts regular market research to keep abreast of market trends. Through market analysis, the Company has identified and defined market opportunities and issues. The Company has generated plans to implement action at the opportune time. KTP continues to monitor the market for any changes via reports by established and reliable real estate analysis companies, actual and forecasted indicative data from governments and other reliable sources.

2.2.1 Thailand Economy

In 1H 2014, Thailand was impacted by the political situation which is expected to stabilise in 2015. With the general election scheduled for 1H 2016, Thailand's economy is expected to continue to improve in 2015 at a better rate than in 2014. KTP expects an active property market in 2015.

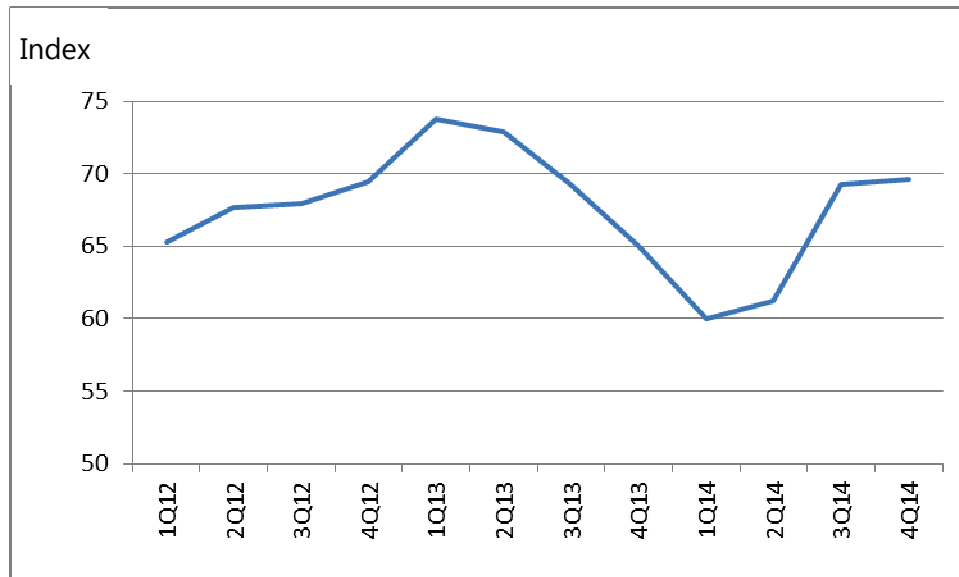
Table 2.2.1: Thailand economy data:

% Growth Year on Year	2014	2015 (F)
Gross Domestic Product	0.7	3.9
Inflation rate	1.9	2.1
Private Consumption	0.6	2.8
Export of Goods and Services	0.0	1.4

Source: Bank of Thailand and forecasted by the Fiscal Policy Office, Thailand and the Economist Intelligence Unit

Consumer confidence among local Thais is improving. In 2013 and 1H2014, sentiments were affected by the political turmoil but have since improved.

Graph 2.2.1: Consumer confidence



Source: University of Thai Chamber of Commerce

2.2.2 Overall Property Market

In 2014, the Agency for Real Estate Affairs (Thailand) reported that overall residential supply in Bangkok and its vicinity stood at 258,192 units, a 0.9% decrease from 260,579 units in 2013. Overall residential demand in Bangkok and its vicinity stood at 90,835 units, a 20.0% decrease from 116,481 units in 2013.

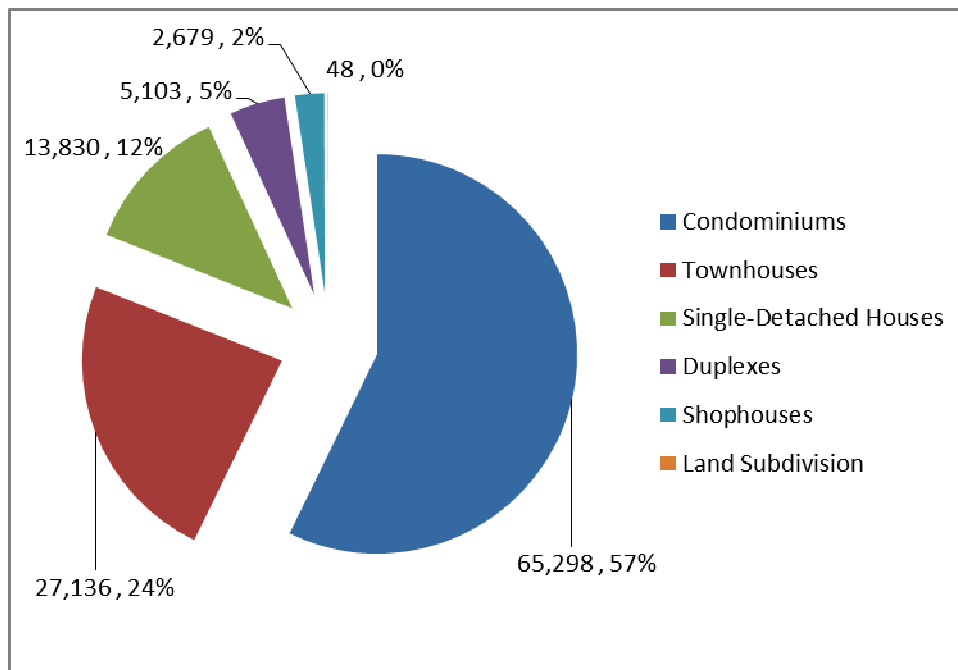
Overall new residential supply in Bangkok and its vicinity stood at 114,094 units, a 13.3% decrease from 131,645 units in 2013. Meanwhile the overall value Baht 344,549 million, a 10.6% decrease from Baht 385,447 million in 2013.

Table 2.2.2: New units in Bangkok and its vicinity in 2014 by development type

Development Type	Number of Units	Percentage
Condominiums	65,298	57%
Townhouses	27,136	24%
Single-Detached Houses	13,830	12%
Duplexes	5,103	4%
Shophouses	2,679	2%
Land Subdivision	48	0%
Total	114,094	100%

Source: Agency for Real Estate Affairs (Thailand)

Graph 2.2.2: New units in Bangkok and its vicinity in 2014 by development type



Source: Agency for Real Estate Affairs (Thailand)

2.2.3 Landed Homes

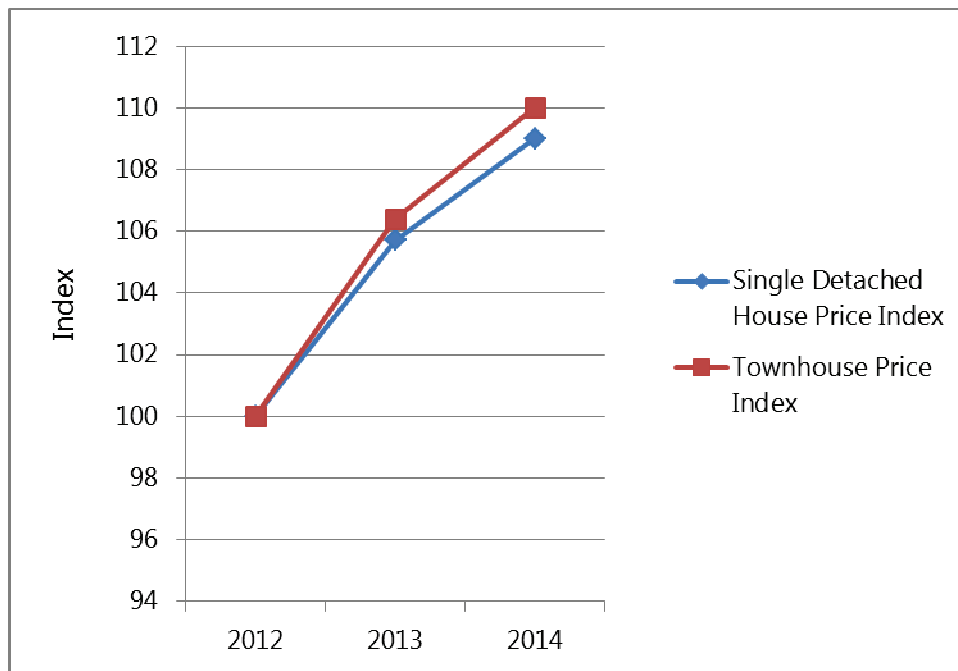
In 2014, prices of landed homes continued to rise. In 2014, prices of landed homes increased due to the rise of land price and construction costs. According to Thailand's Real Estate Information Centre, prices of singled detached houses in Bangkok and its vicinity increased by 3.1% y-o-y while prices of townhouses in Bangkok and its vicinity increased by 3.4% y-o-y.

Table 2.2.3: Price indices of Single Detached Houses and Townhouse

	2012	2013	2014
Single Detached House Price Index	100	105.7	109
Townhouse Price Index	100	106.4	110

Source: Real Estate Information Centre (Thailand)

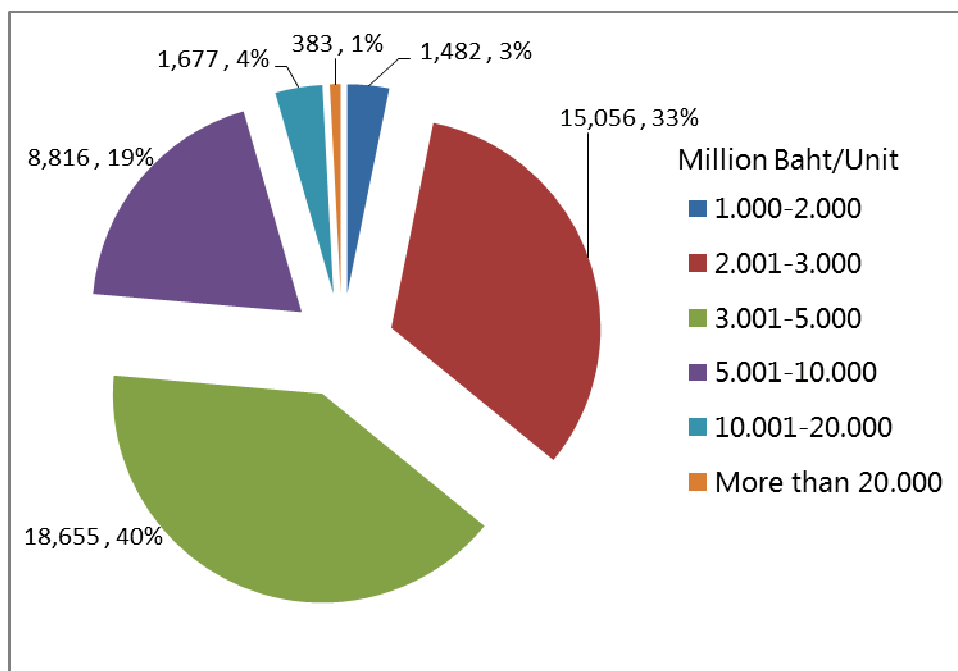
Graph 2.2.3: Price indices of Single Detached Houses and Townhouse



Source: Real Estate Information Centre (Thailand)

New landed homes remained almost the same sentiments as 2013. In 2014, the Agency for Real Estate Affairs (Thailand) reported that overall new landed homes in Bangkok and its vicinity stood at 46,069 units, a 1.8% increase from 45,273 units in 2013. Meanwhile the overall value Baht 156,948 million, a 1.6% increase from Baht 154,516 million in 2013.

Graph 2.2.4: New landed homes in Bangkok and its vicinity in 2014 by unit price



Source: Agency for Real Estate Affairs (Thailand)

2.2.4 Condominium Sector

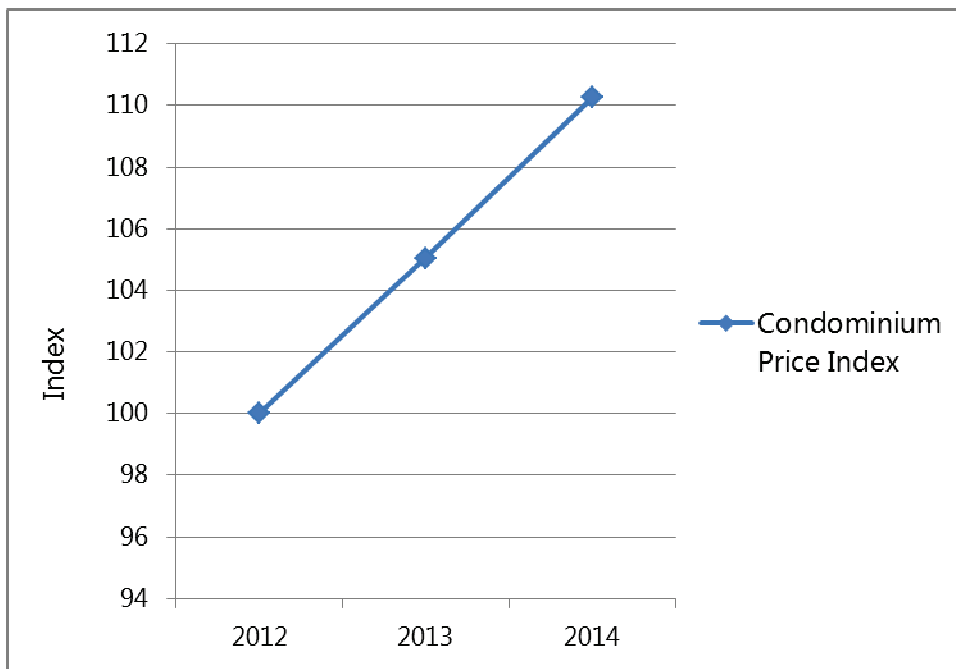
In 2014, prices of condominiums continued to rise. In 2014, prices of condominium increased due to the rise of land price and construction costs. According to Thailand's Real Estate Information Centre, prices of condominiums in Bangkok and its vicinity increased by 5.0% y-o-y.

Table 2.2.4: Price indices of Condominiums

	2012	2013	2014
Condominium Price Index	100	105	110

Source: Real Estate Information Centre (Thailand)

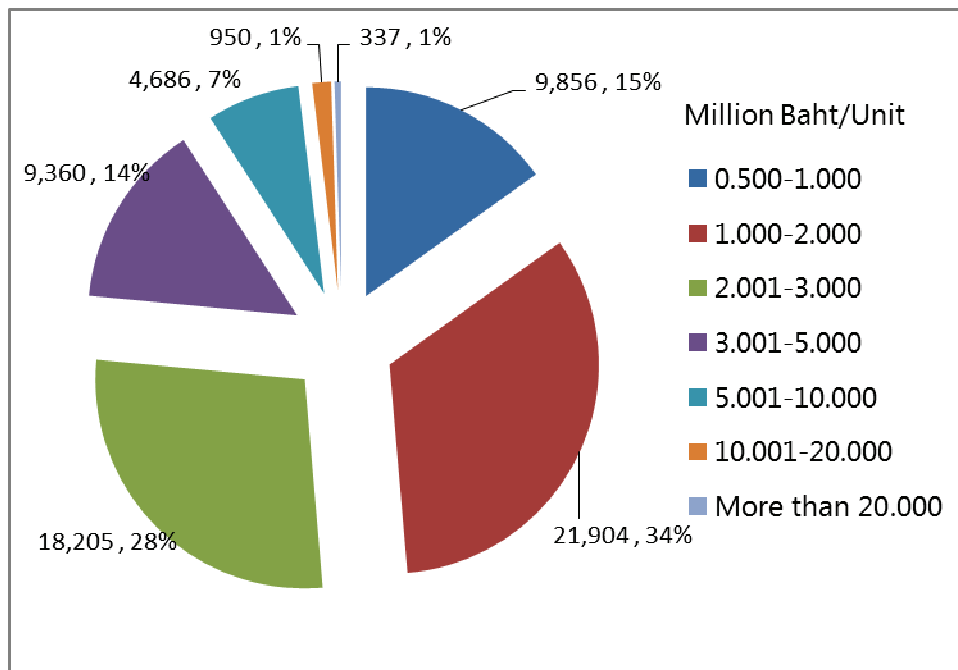
Graph 2.2.5: Price indices of Condominiums



Source: Real Estate Information Centre (Thailand)

The number of new condominium units decreased significantly in 2014. In 2014, the Agency for Real Estate Affairs (Thailand) reported that overall new condominium units in Bangkok and its vicinity stood at 65,298 units, a 22.5% decrease from 84,250 units in 2013. Meanwhile the overall value Baht 173,197 million, a 21.2% decrease from Baht 219,894 million in 2013.

Graph 2.2.6: New condominiums in Bangkok and its vicinity in 2014 by unit price



Source: Agency for Real Estate Affairs (Thailand)

2.3 PROCUREMENT

2.3.1 Land Acquisition

To compete in the market, KTP searches to acquire potential land plots at reasonable prices at the right location for real estate project developments for sale and/or for lease. The Company works with land owners, real estate agents and broker firms to source sites at reasonable prices that are well-located and well-served by amenities. The Company has developed a list of reliable real estate agents and broker firms. The Company has clear and examinable procedures to acquire land plots. KTP also times the development timeline to ensure the best time to enter the market.

2.3.2 Procurement of Construction Material

According to contracts, construction materials with specification from KTP are generally procured through the main contractors. Hence, KTP is not subject to construction material price fluctuation risk. The Company has stringent and transparent purchase procedure to ensure quality and price of the materials. Over the years, KTP works closely with trusted suppliers which deliver quality materials on time and within budget. Most of the materials are sourced and purchased locally. The Company purchases some materials in some cases.

2.3.3 Selection of Contractors

KTP has a strict evaluation process for appointment of its contractors and will continue to maintain a reliable network with quality contractors.

In selecting its contractors, KTP works with contractors with a good track record and strong financials for tender procedures. The Company places strong emphasis on transparency of the hiring process which promotes fair competition among contractors. The Company attempts to hire and work with quality contractors to produce high quality products on time and within budget.

2.4 HANDOVER

As at 31 December 2014, 16 residences with total sales value of Baht 136,800,000 have been sold and have not yet been transferred. These units will be transferred to home buyers in 2015.

3. RISK FACTOR

Risk management is an integral part of Keppel Thai Properties' (KTP) strategic and operational processes. The Company has in place a risk management framework to ensure swift response to potential challenges and the ability to leverage new opportunities in the business environment.

KTP has identified the key risks and the appropriate mitigating actions:

3.1 SHORTAGE OF QUALITY CONTRACTORS

Shortage of skilled labour will impact the quality of work and incur higher costs. To ensure quality construction, KTP has a strict evaluation process for the appointment of its contractors and will continue to maintain a reliable network with quality contractors.

3.2 LAND ACQUISITION

High land prices could result in the Company facing challenges in acquiring good sites at competitive prices. KTP works with agents and brokerage firms to source for sites and also deals directly with landowners. The Company is constantly on the lookout for land plots with good value propositions and high connectivity to mass transits, expressways, and/or main roads.

3.3 FLUCTUATIONS IN CONSTRUCTION MATERIAL PRICES

According to Thailand's Real Estate Information Centre, overall construction material price index in 2014 increased 0.2% year-on-year. To mitigate this, KTP works closely with contractors to plan for and purchase materials at lower prices over a period of time.

3.4 INTEREST RATE FLUCTUATIONS

KTP has a short-term project loan from a financial institution and its interest rate is dependent on Money Markets' floating rates. During economic expansion, this could result in higher financing cost for the Company.

KTP will effectively utilise various financial instruments where appropriate to hedge against interest rate fluctuations. The Company also ensures that cash flows are properly managed.

3.5 FOREIGN EXCHANGE RISK

KTP still hold some loans denominated in foreign currencies and is therefore subject to foreign exchange risk. The Company continues to seek funding options in Thai Baht to minimise its risk in foreign exchange fluctuations.

4. ASSETS OF THE COMPANY

As at 31 December 2014

KEPPEL THAI PROPERTIES PUBLIC COMPANY LIMITED

Property Name	Jewellery Centre Building
Location	138 Nares Road, Si Phraya Sub-District, Bang Rak District, Bangkok 10500 Thailand
Type of Asset	34-storey commercial building covering a total area of 42,833.78 sq.m.
Asset Area	The Company has a total area of 12,145.64 sq.m. or 28.36 % of the total gross area of the building
Net Book Value	Baht 315,926,338
Appraisal Value	Baht 352,200,000
Appraisal Date	28 November 2014
Appraisal Company	Agency For Real Estate Affairs (Thailand)
Right / Possession	Freehold
Collateral	None

GOLD STAR PROPERTY COMPANY LIMITED

Property Name	Sukhapiban 3 Mansion
Location	22/1 Sukhapiban 3 Road, Hua Mak Sub-District, Bang Kapi District, Bangkok 10240, Thailand
Type of Asset	19-storey residential condominium with 1,024 units
Asset Area	The Company has 2 units with a total area of 119.21 sq.m.
Net Book Value	Baht 2,390,000
Appraisal Value	Baht 2,470,000
Appraisal Dated	26 November 2014
Appraisal Company	Agency For Real Estate Affairs (Thailand)
Right / Possession	Freehold
Collateral	None

TOP PROPERTY COMPANY LIMITED AND CORNERSTONE REALTY COMPANY LIMITED

Property Name	Villa Arcadia Watcharapol
Location	Soi Watcharapol, Tha Raeng Sub-District, Bang Khen District, Bangkok 10220, Thailand
Type of Asset	Freehold land which will yield 270 units of two-storey detached houses when completed under the project name "Villa Arcadia Watcharapol"
Asset Area	73-1-5.3 rai
Net Book Value	Baht 773,449,543
Appraisal Value	Baht 825,100,000
Appraisal Dated	26 November 2014
Appraisal Company	Agency For Real Estate Affairs (Thailand)
Right / Possession	Freehold
Collateral	None

THAI-KAMI COMPANY LIMITED AND GOLD STAR PROPERTY COMPANY LIMITED

(1)

Property Name	Villa Arcadia Srinakarin
Location	Bang Kaew Sub-District, Bang Phli District, Samut Prakan Province, Thailand
Type of Asset	Freehold land which will yield 367 units of two-storey detached houses when completed under the project name "Villa Arcadia Srinakarin"
Asset Area	60-3-28 rai
Net Book Value	Baht 447,375,435
Appraisal Value	Baht 510,270,000
Appraisal Dated	21 November 2014
Appraisal Company	Agency For Real Estate Affairs (Thailand)
Right / Possession	Freehold
Collateral	Partial mortgage

THAI-KAMI COMPANY LIMITED

(2)

Property Name	Land and Factory
Location	1 Moo 5, Phaholyothin (TorLor. 1) Road, Mai Ngam Sub-District, Muang Tak District, Tak Province, Thailand
Type of Asset	The land and factory are vacant and granite operation has ceased since 2000. The machinery has been divested in early of 2002
Asset Area	60–2–70 rai
Net Book Value	Baht 22,368,200
Appraisal Value	Baht 23,060,000
Appraisal Dated	26 November 2014
Appraisal company	Agency For Real Estate Affairs (Thailand)
Right / Possession	Freehold
Collateral	None

(3)

Property Name	The Trio Chiang Mai (previously "Chiang Mai VIP Tower)
Location	118 Moo 1, Huay Kaew Road, Chang Pueak Sub-District, Muang District, Chiang Mai Province, Thailand
Type of Asset	Four-storey commercial building
Asset Area	The Company has four units with a total area of 890.88 sq.m
Net Book Value	Baht 23,200,000
Appraisal Value	Baht 23,200,000
Appraisal Date	24 November 2014
Appraisal Company	Agency For Real Estate Affairs (Thailand)
Right / Possession	Freehold
Collateral	None

5. LEGAL DISPUTE

As at 31 December 2014, the Company and its subsidiaries have had no litigation being defendant of which capital over 5 percent of shareholders' equity, however litigation presence would not materially and adversely affect financial conditions of the Company.

6. CORPORATE INFORMATION AND OTHER REFERENCES**6.1 CORPORATE INFORMATION**

Name of Issuer	:	Keppel Thai Properties Public Company Limited
Symbol	:	KTP
Business	:	Property Development
Registration Number	:	0107537001951 (previous Bor.Mor.Jor. 442)
Head Office	:	Jewellery Centre Building, 30 th Floor, 138/108 Nares Road, Si Phraya Sub-District, Bang Rak District, Bangkok 10500 Thailand
Website	:	http://www.keppelland.co.th
Telephone Number	:	(662) 237-1999
Fax	:	(662) 237-2666
Registered Capital	:	Baht 2,200,000,000
Paid-up Capital	:	Baht 2,200,000,000
Class of Share	:	Ordinary Share
Total issued shares	:	220,000,000 Ordinary Shares
Par Value	:	Baht 10
Company Secretary	:	Ms Supattra Tasilapa Keppel Thai Properties Public Company Limited Jewellery Centre Building, 30 th Floor 138/108 Nares Road, Si Phraya Sub-District, Bang Rak District, Bangkok 10500, Thailand Tel: (662) 237-1999 Fax: (662) 237-2666 E-Mail: Supattra@keppelland.co.th
Listing on Stock Exchange	:	The Stock Exchange of Thailand The Stock Exchange of Thailand Building 62 Ratchadapisek Road, Klongtoey District, Bangkok 10110, Thailand www.set.or.th

Other Reference

Securities Registrar : Thailand Securities Depository Company Limited (TSD)
The Stock Exchange of Thailand Building
62 Ratchadapisek Road, Klongtoey District,
Bangkok 10110, Thailand
Tel: (662) 229-2800
Fax: (622) 359-1259
<http://www.tsd.co.th>

Auditor : Mr Chayapol Suppasdtanon
Certified Public Accountant (Thailand) No. 3972
EY Office Limited
Lake Rajada Office Complex, 33rd Floor
193/136-137 Ratchadaphisek Road, Klong Toey District,
Bangkok 10110, Thailand
Tel: (662) 264-0777
Fax: (662) 264-0790

INFORMATION OF SUBSIDIARIES

Keppel Thai Properties (KTP) directly holds share more than 50 percent in nine (9) property development companies. These include:

Name and Address	Type of Business	Total Shares Issued	Shareholding	
			No. of Shares	Percentage
Thai-Kami Co., Ltd. 30th Floor, Jewellery Centre Building 138/108 Nares Road, Sipraya, Bangrak, Bangkok 10500 Thailand Tel (662) 237-1999 Fax (662) 237-2666	Property Development	Ordinary Share 37,475,000	37,474,991 Shares	100.00
Gold Star Property Co., Ltd. 30th Floor, Jewellery Centre Building 138/108 Nares Road, Sipraya, Bangrak, Bangkok 10500 Thailand Tel (662) 237-1999 Fax (662) 237-2666	Property Development	Ordinary Share 4,091,000	4,090,991 Shares	100.00
Top Property Co., Ltd. 30th Floor, Jewellery Centre Building 138/108 Nares Road, Sipraya, Bangrak, Bangkok 10500 Thailand Tel (662) 237-1999 Fax (662) 237-2666	Property Development	Ordinary Share 4,780,000 Preferred Share 854,000	Ordinary Share 2,915,791 Preferred Share 520,940	61.00
Cornerstone Realty Co., Ltd. 30th Floor, Jewellery Centre Building 138/108 Nares Road, Sipraya, Bangrak, Bangkok 10500 Thailand Tel (662) 237-1999 Fax (662) 237-2666	Property Development	Ordinary Share 10,000	9,991 Shares	100.00
Utayan Property Development Co., Ltd. 30th Floor, Jewellery Centre Building 138/108 Nares Road, Sipraya, Bangrak, Bangkok 10500 Thailand Tel (662) 237-1999 Fax (662) 237-2666	Property Development	Ordinary Share 10,000	9,998 Shares	100.00

Name and Address	Type of Business	Total Shares Issued	Shareholding	
			No. of Shares	Percentage
Utayan Town Development Co., Ltd. 30th Floor, Jewellery Centre Building 138/108 Nares Road, Sipraya, Bangrak, Bangkok 10500 Thailand Tel (662) 237-1999 Fax (662) 237-2666	Property Development	Ordinary Share 10,000	9,998 Shares	100.00
Utayan Real Estate Development Co., Ltd. 30th Floor, Jewellery Centre Building 138/108 Nares Road, Sipraya, Bangrak, Bangkok 10500 Thailand Tel (662) 237-1999 Fax (662) 237-2666	Property Development	Ordinary Share 10,000	9,998 Shares	100.00
Utayan Urban Development Co., Ltd. 30th Floor, Jewellery Centre Building 138/108 Nares Road, Sipraya, Bangrak, Bangkok 10500 Thailand Tel (662) 237-1999 Fax (662) 237-2666	Property Development	Ordinary Share 10,000	9,998 Shares	100.00
Utayan Realty Co., Ltd. 30th Floor, Jewellery Centre Building 138/108 Nares Road, Sipraya, Bangrak, Bangkok 10500 Thailand Tel (662) 237-1999 Fax (662) 237-2666	Property Development	Ordinary Share 10,000	9,998 Shares	100.00

6.2 OTHER INFORMATION

No further information which would have a material effect to the investor decision making.