

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 Limited Company 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 2015.

KTP has two landed residential developments in Bangkok under the Villa Arcadia brand. Featuring modern architecture, tropical landscaping and quality finishing.

Villa Arcadia Srinakarin and Villa Arcadia Watcharapol are located within close proximity to major facilities and amenities, including shopping malls, hospitals and airports. The developments are well-connected to the central business district (CBD) via major transportation modes. Homebuyers of the properties include those from 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 Realty Company Limited
- Utayan Property Development Company Limited*
- Utayan Town Development Company Limited*
- Utayan Real Estate Development Company Limited*
- Utayan Urban Development Company Limited*

*Remarks: *The dissolution of these companies has been approved by Thailand's Partnerships and Companies Registrar with effect from 30 December 2015. As at 23 March 2016, the process of liquidation is continue.*

1.1 VISION, TARGET AND STRATEGY

The Company is focused on investments within the property sector to be in line with its main business of property development for sale. Besides current subsidiaries and associate companies, we will consider further property investments when opportune.

KTP is listed on the Stock Exchange of Thailand (SET). The Company is a subsidiary of Keppel Land. One of Asia's premier property companies, Keppel Land is recognised for its sterling portfolio of award-winning residential developments and investment-grade commercial properties as well as high standards of corporate governance and transparency.

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:

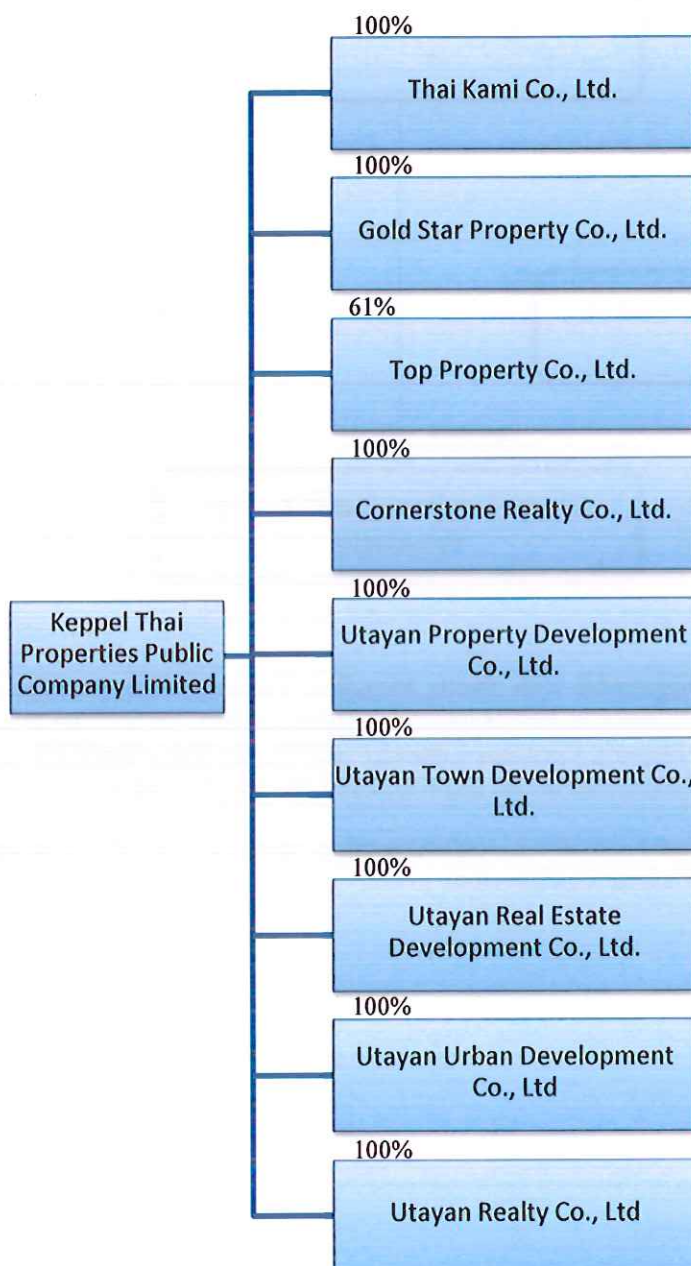
Keppel Thai Properties will seek opportunities to invest and develop various real estate projects in Thailand.

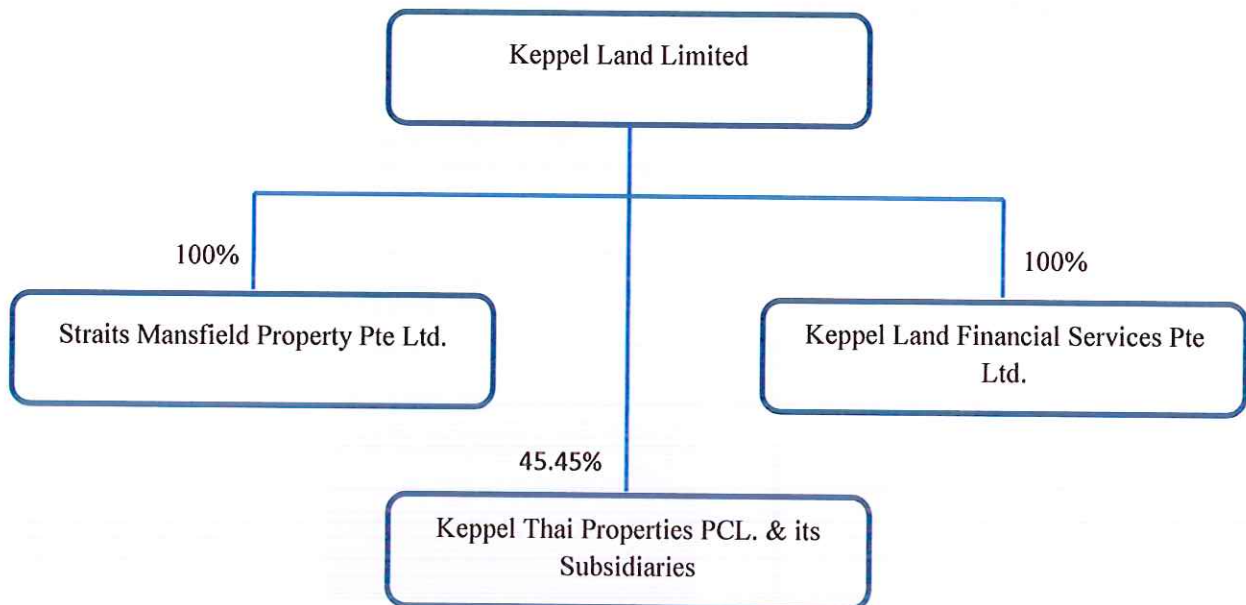
1.2 Significant Events**December
2015**

Obtained approval on dissolution 4 (four) subsidiaries namely;

- (1) Utayan Property Development Company Limited
- (2) Utayan Town Development Company Limited
- (3) Utayan Real Estate Development Company Limited; and
- (4) Utayan Urban Development Company Limited

The dissolution was approved by the Partnerships and Companies Registrar with effective 30 December 2015. As at 23 March 2016, the process of liquidation is continue.

1.3 INVESTMENT STRUCTURE OF KTP**As at 31 December 2015**

1.4 RELATIONSHIP WITH MAJOR SHAREHOLDER

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 2015

Product Line / Business Group	Operated by	% Shares held by KTP	Revenue (Million Baht)					
			2015	%	2014	%	2013	%
Lease and Services of Office space	KTP	-	39.16	12.20	36.87	39.16	12.20	36.87
Sale of land and houses	Thai-Kami	100%	242.82	75.62	247.06	68.42	42.81	28.78
	Gold Star	100%	25.31	7.88	31.69	8.78	55.68	37.43
	Cornerstone	100%	-	-	17.52	4.85	6.09	4.09
	Top Property	61%	-	-	12.98	3.59	4.11	2.76
Others	-	-	13.82	4.30	14.96	4.14	1.58	1.07
Total	-	-	321.11	100.0	361.08	100.0	148.75	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 (CBD) via the highway and the Karnchanapisek Outer Ring Road. The development enjoys convenient access to amenities such as prestigious international schools, hospitals and shopping centres which are located in its vicinity. The new Yellow monorail line, expected to commence operations in 2019, will further enhance the commute between Villa Arcadia Srinakarin and the CBD.

Phase One, comprising 209 units, is 96.2% sold as at 29 February 2016. Phase Two comprises 156 houses, of which 105 units have been launched. The project is about 62.8% sold as at 29 February 2016.

VILLA ARCADIA WATCHARAPOL

Villa Arcadia Watcharapol comprises 270 detached houses. Well-connected by the Ram Intra-Art Narong Expressway and Karnchanapisek Outer Ring Road, the development is about a 30-minute drive from the CBD. Connectivity has been further enhanced with recent infrastructural upgrades, including a new six-lane road, Phahonyothin-Rattanakosin Sompotch. Completed in December 2015, the road connects key areas in the Eastern and Western parts of Bangkok.

The vicinity where Villa Arcadia Watcharapol is located is well-known for its food and beverage outlets. A new community mall opposite the development commenced operations in August 2015.

Future transportation enhancements planned include the addition of the new Green skytrain line which is expected to commence operations in 2018, as well as the new Gray monorail line which is expected to commence operations in 2019. The Green skytrain line will provide easier access to the CBD and Sukhumvit area as well as for those heading further east to Samutprakarn province. The addition of the Gray monorail line will further improve accessibility from the CBD to the Chaopraya River.

About 60.0% of the 45 launched units have been sold as at 29 February 2016.

2.1.2 Other operations

JEWELLERY CENTRE BUILDING

Jewellery Centre Building, a 34-storey commercial building, is located at the fringe of the CBD along Nares Road, Sipraya Sub-district, Bangrak District, Bangkok. The building was about 87.4% leased out as at 29 February 2016.

2.2 Market analysis

KTP conducts regular market research to keep abreast of market trends. The Company has identified and defined market opportunities and issues through regular analyses. The Company has detailed action plans in place which it will implement when opportune. KTP will continue to monitor the market for any changes via reports by established and reliable real estate analysis companies, actual and forecasted indicative data from the government and other reliable sources.

2.2.2 OVERALL PROPERTY MARKET

In 2015, the Agency for Real Estate Affairs (Thailand) reported that overall residential supply in Bangkok and its vicinity stood at 275,547 units, a 6.7% increase from 258,192 units in 2014. Overall residential demand in Bangkok and its vicinity stood at 103,642 units, a 14.1% increase from 90,835 units in 2014.

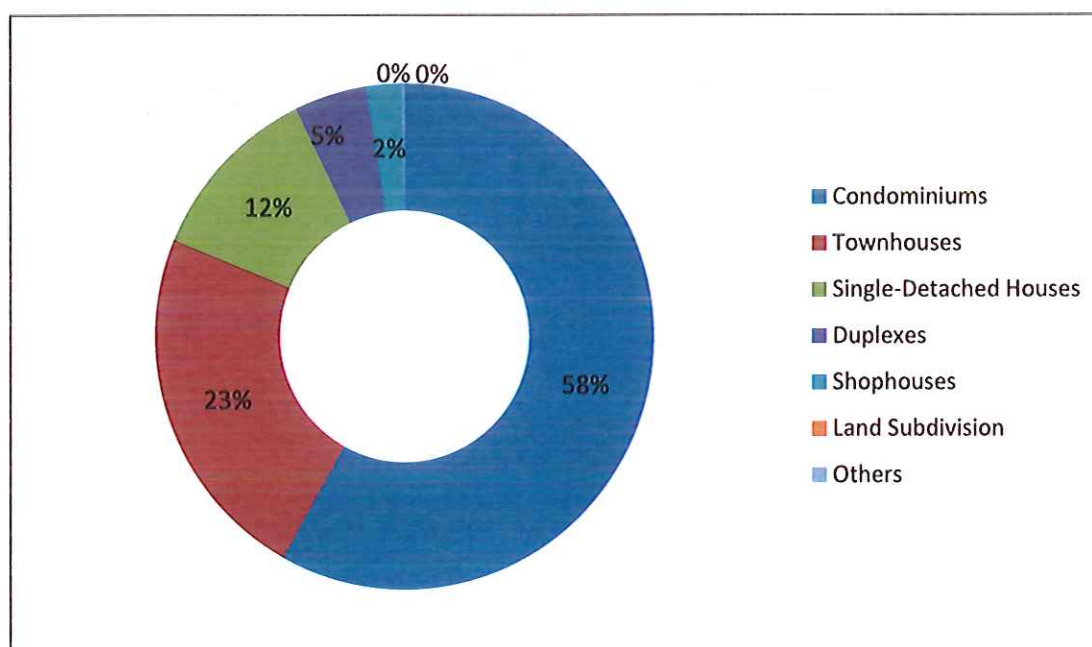
Overall new residential supply in Bangkok and its vicinity stood at 108,158 units, a 5.2% decrease from 114,094 units in 2014. Meanwhile, the overall value of new residential supply stood at Baht 435,056 million, a 26.3% increase from Baht 344,549 million in 2014.

Table 2.2.2: New units in Bangkok and its vicinity in 2015 by development type

Development Type	Number of Units	Percentage
Condominiums	62,833	58%
Townhouses	25,000	23%
Single-Detached Houses	12,564	12%
Duplexes	5,073	5%
Shophouses	2,518	2%
Land Subdivision	2	0%
Total	108,158	100%

Source: Agency for Real Estate Affairs (Thailand)

Graph 2.2.2: New units in Bangkok and its vicinity in 2015 by development type



Source: Agency for Real Estate Affairs (Thailand)

2.2.1 Thailand Economy

The global economic slowdown impacted exports last year and slowed down the Thailand's economy. The government issued many stimulus packages in a bid to boost the economy in 2015, including an extended period of 7% VAT and large investments in mass transportation infrastructure. In October 2015, the government approved three property stimulus packages which are expected to further improve the Thai property market in 2016.

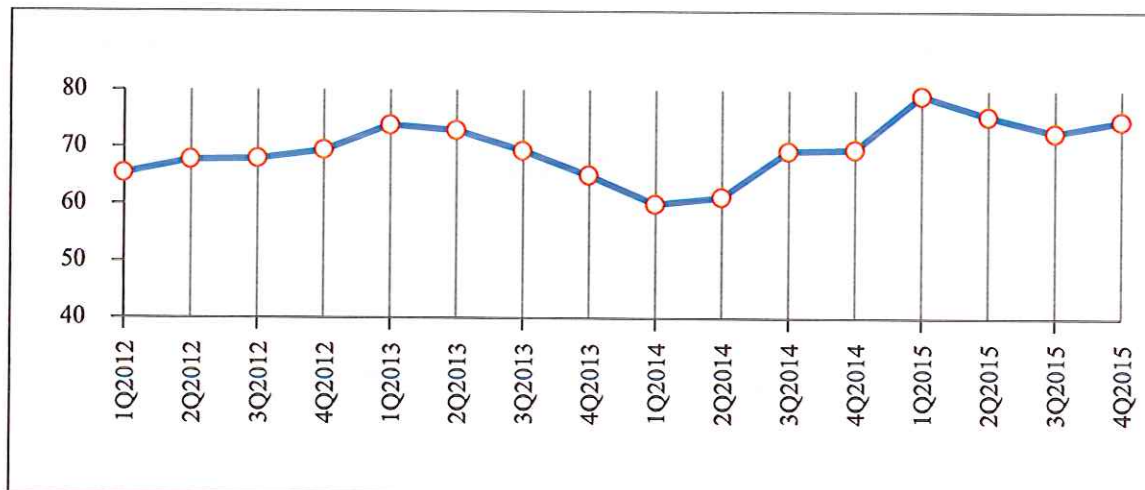
Table 2.2.1: Thailand economy data

% Growth Year on Year	2015	2016 (F)
Gross Domestic Product	2.8	3.5
Inflation rate	-0.9	0.8
Private Consumption	2.4	2.8
Export of Good and Service	-5.5	0.0

Source: Bank of Thailand

Consumer confidence among local Thais fell during the year. However, in 4Q2015, it improved due to signs of economic improvement.

Graph 2.2.1: Consumer confidence



Source: University of Thai Chamber of Commerce, Thailand

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2.2.3 LANDED HOMES

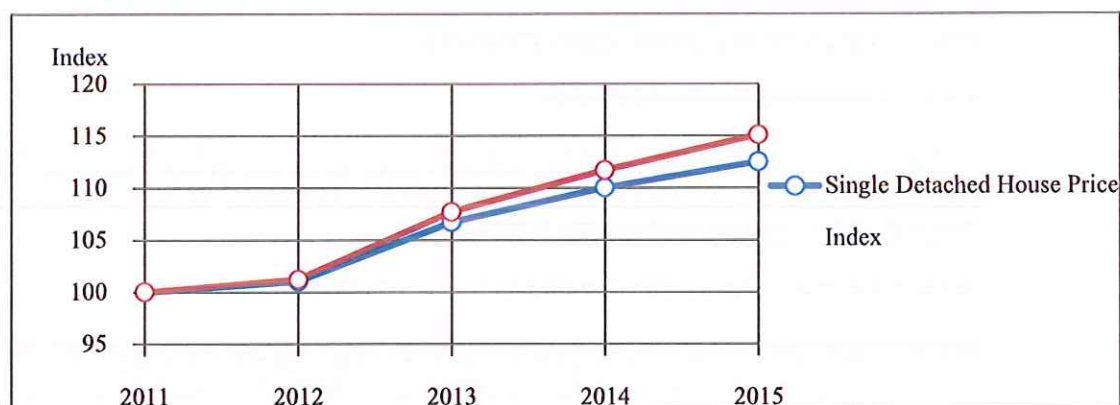
In 2015, prices of landed homes continued to rise due to the rise of land price. According to Thailand's Real Estate Information Center, prices of singled detached houses in Bangkok and its vicinity increased by 2.3% year-on-year (y-o-y) while prices of townhouses in Bangkok and its vicinity increased by 3.0% y-o-y.

Table 2.2.3: Price indices of Single Detached Houses and Townhouse

	2011	2012	2013	2014	2015
Single Detached House Price Index	100	101.0	106.7	110.0	112.5
Townhouse Price Index	100	101.2	107.7	111.7	115.1

Source: Real Estate Information Center (Thailand)

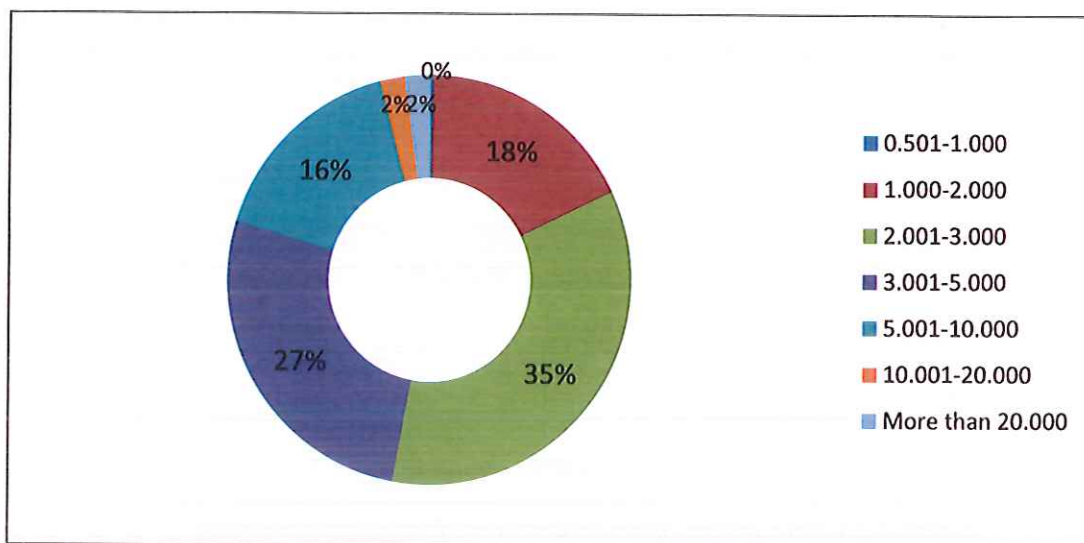
Graph 2.2.3: Price indices of Single Detached Houses and Townhouse



Source: Real Estate Information Center (Thailand)

Overall new residential supply in Bangkok and its vicinity stood at 108,158 units, a 5.2% decrease from 114,094 units in 2014. Meanwhile, the overall value of new residential supply stood at Baht 435,056 million, a 26.3% increase from Baht 344,549 million in 2014.

Graph 2.2.4: New landed homes in Bangkok and its vicinity in 2015 by unit price



Source: Agency for Real Estate Affairs (Thailand)

2.2.4 CONDOMINIUM SECTOR

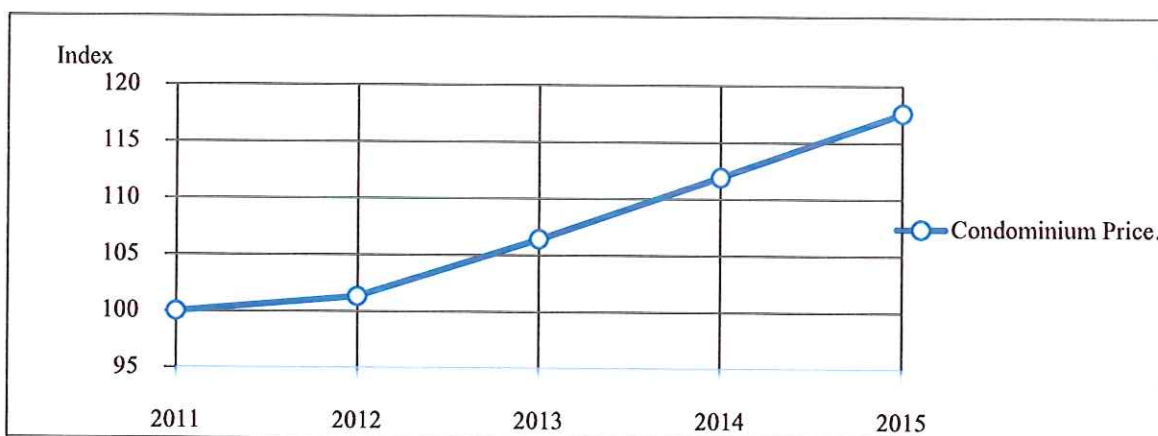
In 2015, prices of condominiums continued to rise due to the rise of land price and construction costs. According to Thailand's Real Estate Information Center, prices of condominiums in Bangkok and its vicinity increased by 5.1% y-o-y.

Table 2.2.4: Price indices of Condominiums

	2011	2012	2013	2014	2015
Condominium Price Index	100	101.3	106.4	111.9	117.6

Source: Real Estate Information Center (Thailand)

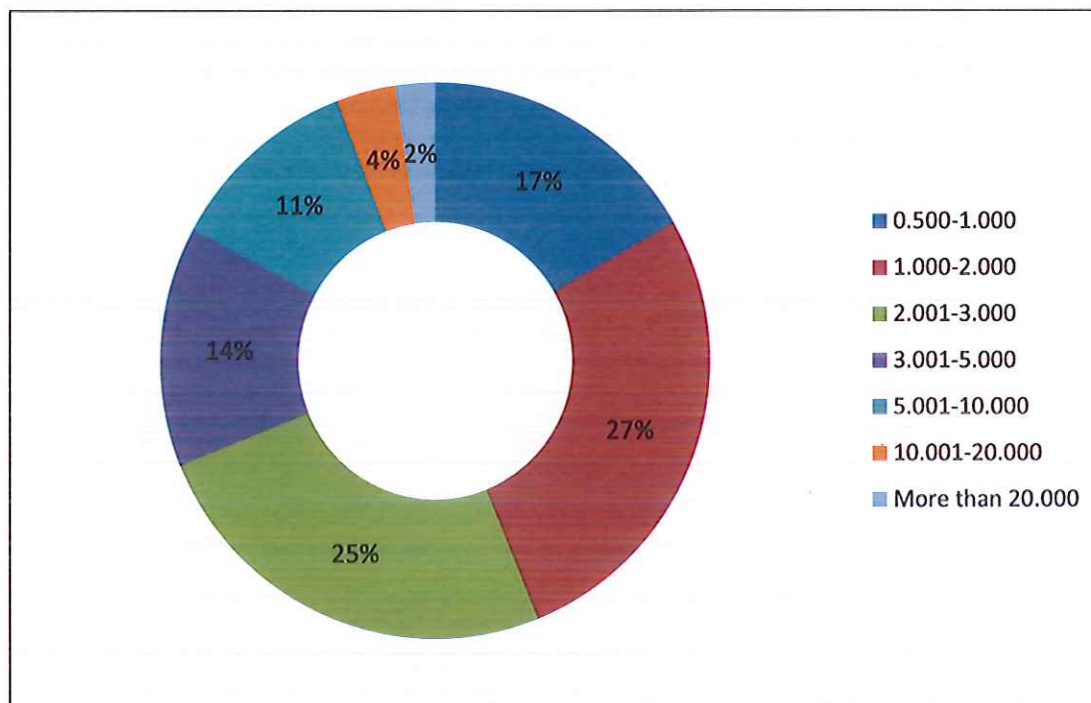
Graph 2.2.5: Price indices of Condominiums



Source: Real Estate Information Center (Thailand)

The number of new condominium units decreased in 2015. In 2015, the Agency for Real Estate Affairs (Thailand) reported that overall new condominium units in Bangkok and its vicinity stood at 62,833 units, a 3.8% decrease from 65,298 units in 2014.

Graph 2.2.6: New condominiums in Bangkok and its vicinity in 2015 by unit price



Source: Agency for Real Estate Affairs (Thailand)

2.3 PROCUREMENT

2.3.1 Land Acquisition

KTP seeks to acquire well-located land plots at competitive prices for real estate project developments for sale and/or for lease. The Company works closely with land owners, real estate agents and broker firms to source sites that are well-located and well-served by amenities.

The Company has developed a list of reliable contacts including real estate agents and brokerage firms with established track records. KTP also retains and updates its database of land and property prices in Bangkok and areas in the vicinity collated from government as well as other reliable sources. The Company has clear and examinable procedures for acquisition of land plots, and also times development timelines to ensure the best time to enter the market.

2.3.2 Procurement of Construction Material

Generally, most of KTP's construction materials are procured through its main contractors. As a result, KTP is not subject to construction material price fluctuation risk. KTP also maintains a database of prices of construction materials collated from government as well as other reliable sources. The Company enforces stringent guidelines and transparent purchase procedures to ensure quality and price of the materials. KTP will continue to work closely with trusted suppliers to deliver quality materials on time and within budget. Most of KTP's construction materials are sourced and purchased locally. In some cases, the Company purchases some materials on its own.

2.3.3 Selection of Contractors

KTP has a strict and transparent evaluation process for appointment of its contractors and will continue to maintain and grow a reliable network of quality contractors. In selecting its contractors, KTP works with contractors with a good track record and strong financials for tender procedures. KTP conducts background checks including past projects, market reputation and financial records. The Company places strong emphasis on the transparency of the hiring process, which promotes fair competition among contractors. KTP will continue to hire and work with reliable contractors to produce quality products on time and within budget.

2.4 HAND-OVER

As at 31 December 2015, 17 residences with a total sales value of Baht 138.2 million have been sold. These have yet to be transferred. These units will be transferred to homebuyers within 2016.

3. RISK FACTORS

Recognising that risk management is an integral part of KTP's strategic and operational processes, the Company has in place a risk management framework to ensure swift response to potential challenges, as well as the ability and agility to leverage new opportunities and adapt in the changing business environment.

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

3.1 Shortage of Quality Contractors

Shortage of skilled labour will impact the quality and delivery of work, resulting in higher costs. KTP has a strict evaluation process in place for the appointment of its contractors and will continue to maintain and grow a reliable network with quality contractors.

3.2 Land Acquisition

High land costs could result in the Company facing challenges in acquiring good sites at competitive prices. KTP continues to work with selected agents and brokerage firms to source for well-located sites at good prices and also deals directly with landowners. KTP is constantly seeking opportunities to acquire land plots with good value propositions and excellent connectivity to mass transits, expressways, and/or main roads.

3.3 Fluctuations in Construction Material Prices

Construction material prices constantly fluctuate. According to Thailand's Real Estate Information Center, overall construction material price index in 2015 decreased 5.1% year-on-year. KTP will continue to work closely with contractors to plan for and purchase materials at lower prices over extended periods of time.

3.4 Interest Rate Fluctuations

KTP has a short-term project loan from a financial institution, its interest rate is dependent on Money Markets' floating rates. Over the course of 2015, the Bank of Thailand kept interest rates low, with local financial institutions also maintaining correspondingly low interest rates. However, in the event of an economic expansion, local banks and financial institutions may hike up interest rates, resulting in higher financing cost for the Company. KTP will effectively utilise and seek various financial instruments where appropriate to hedge against interest rate fluctuations.

3.5 Foreign Exchange Risk

KTP still holds 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 2015

KEPPEL THAI PROPERTIES PUBLIC COMPANY LIMITED

Property Name	Jewellery Centre Building
Location	138 Nares Road, Sipraya Sub-District, Bangrak District, Bangkok 10500 Thailand
Type of Asset	34-storey commercial building covering a total gross area of 42,833.78 sq.m.
Asset Area	The Company holds 28.36% of the total gross area (12,145.64 sq.m.) of the building
Net Book Value	Baht 325,917,471.07
Appraisal Value	Baht 364,400,000.00
Appraisal Date	16 November 2015
Appraisal Company	Agency for Real Estate Affairs Co., Ltd
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 owns 2 units with a total gross area of 119.21 sq.m.
Net Book Value	Baht 2,390,000.00
Appraisal Value	Baht 2,480,000.00
Appraisal Dated	19 November 2015
Appraisal Company	Agency for Real Estate Affairs Co., Ltd
Right / Possession	Freehold
Collateral	None

TOP PROPERTY 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	The Company holds a total gross area of 72-2-16.5 rais
Net Book Value	Baht 767,372,197.53
Appraisal Value	Baht 866,200,000.00
Appraisal Dated	17 November 2015
Appraisal Company	Agency for Real Estate Affairs Co., Ltd
Right / Possession	Freehold
Collateral	None

THAI-KAMI COMPANY LIMITED

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 365 units of two-storey detached houses when completed under the project name "Villa Arcadia Srinakarin"
Asset Area	The Company holds a total area of 40-2-30.7 rais
Net Book Value	Baht 507,265,753.34
Appraisal Value	Baht 568,370,000.00
Appraisal Dated	24 November 2015
Appraisal Company	Agency for Real Estate Affairs Co., Ltd
Right / Possession	Freehold
Collateral	Partial mortgage

Property Name	Vacant Factory Land
Location	1 Moo 5, Phaholyothin (TorLor. 1) Road, Mai Ngam Sub-District, Muang Tak District, Tak Province, Thailand
Type of Asset	The land is vacant with the factory having ceased operations since 2000, and was demolished in 2015. The machinery has been divested as at early 2002
Asset Area	60–2–70 rai
Net Book Value	Baht 24,270,000.00
Appraisal Value	Baht 24,270,000.00
Appraisal Dated	23 November 2015
Appraisal company	Agency for Real Estate Affairs Co., Ltd
Right / Possession	Freehold
Collateral	None

Property Name	The Trio Chiang Mai
Location	118 Moo 1, Huay Kaew Road, Chang Pueak Sub-District, Muang District, Chiang Mai Province, Thailand
Type of Asset	Residential condominium building with four-storey commercial building
Asset Area	The Company owns four commercial units with a total area of 890.88 sq.m
Net Book Value	Baht 23,200,000.00
Appraisal Value	Baht 23,200,000.00
Appraisal Date	25 November 2015
Appraisal Company	Agency for Real Estate Affairs Co., Ltd
Right / Possession	Freehold
Collateral	None

5. LEGAL DISPUTE

As at 31 December 2015, 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, Sipraya 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 per share
Company Secretary	: Ms Supattra Tasilapa Keppel Thai Properties Public Company Limited Jewellery Centre Building, 30 th Floor 138/108 Nares Road, Sipraya 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 93 Ratchadapisek Road, Dindaeng District, Bangkok 10400, Thailand www.set.or.th

Other Reference

Securities Registrar : Thailand Securities Depository Company Limited (TSD)
The Stock Exchange of Thailand Building
93 Ratchadapisek Road, Dindaeng District,
Bangkok 10400, Thailand
Tel: (662) 009-9000
Fax: (622) 009-9991
<http://www.tsd.co.th>

Auditor : Ms Sumana Punpongsanon
Certified Public Accountant (Thailand) No. 5872
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 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

Name and Address	Type of Business	Total Shares Issued	Shareholding	
			No. of Shares	Percentage
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
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. * 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

* The dissolution has been accepted by the registrar effective on 30th December 2015

6.2 OTHER INFORMATION

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

