

PROPOSED DIVESTMENT OF 51% INTEREST IN KEPPEL SOUTH CENTRAL

1. INTRODUCTION

- 1.1 Keppel Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that its wholly-owned subsidiary, K-Commercial Investment Pte. Ltd. (the “**Vendor**”), has entered into a share purchase agreement (“**SPA**”) with HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Keppel REIT (“**Keppel REIT**”)) (the “**Purchaser**” and together with the Vendor, the “**Parties**”) for the sale by the Vendor of 51% of the total issued share capital (“**Sale Shares**”) of K-Commercial Pte. Ltd. (“**KCPL**”) to the Purchaser (or its wholly-owned nominee(s)) (the “**Proposed Transaction**”).
- 1.2 KCPL holds the property known as Keppel South Central, a 33-storey Grade A commercial building located at 10 Hoe Chiang Road, Singapore 089315 (the “**Property**”).
- 1.3 Upon completion of the Proposed Transaction “**Completion**”), the Purchaser will hold (indirectly) a 51% interest in KCPL, and KCPL will cease to be a subsidiary of the Company.

2. PROPOSED TRANSACTION

2.1 Consideration for the Proposed Transaction

The consideration (the “**Consideration**”) payable by the Purchaser to the Vendor in cash for the Proposed Transaction was arrived at on a willing-buyer, willing-seller basis and comprises (a) the consideration for the purchase of the Sale Shares which is approximately S\$149 million, equal to the adjusted net asset value of the Sale Shares based on the agreed value of a 70-year leasehold interest in the Property (“**Agreed Property Value**”) attributable to the Sale Shares as at 31 August 2026 and (b) the amount of the loan to be extended by the Purchaser to KCPL to repay existing shareholder’s loans of approximately S\$462 million. The Consideration was arrived at taking into account, among others, the Agreed Property Value of approximately S\$1,228 million (based on a 100% interest) or S\$626 million (based on a 51% interest), which takes into account the valuation conducted by Cushman & Wakefield VHS Pte. Ltd. Based on the valuation report, the value of a 70-year leasehold interest in the Property as at 30 September 2026 is approximately S\$1,228 million. The Consideration will be subject to post-completion adjustments in accordance with the SPA.

2.2 Other Material Terms

The Proposed Transaction is subject to the fulfilment of certain conditions precedent, including the approval of the unitholders of Keppel REIT for the acquisition of the Sale Shares, at an extraordinary general meeting to be convened by Keppel REIT. Completion is expected to be in 2Q2027.

In connection with the Proposed Transaction, the Parties have also agreed to enter into the following arrangements:

(a) **Option Deed and Deed of Undertaking**

While the Property is a freehold asset, the Proposed Transaction was agreed on the basis that Keppel REIT will only hold an interest in the Property indirectly for a period of 70 years via its 51% interest in KCPL. Accordingly, the Purchaser and the Vendor will enter into an option deed (the “**Option Deed**”) on Completion, for the grant of an option to the Vendor (the “**Option**”), where upon exercise of such Option, the Purchaser’s interest in its nominees that will be shareholders of KCPL (or, following the Conversion (as defined below), partners of the LLP (as defined below)) (the “**Option Interest**”) will be sold to the Vendor (or its nominee(s)) for an aggregate consideration of S\$1. The Option can only be exercised by the Vendor after the expiry of 70 years commencing from the date of the Option Deed or upon the occurrence of certain specified events, whichever is the earlier.

The Purchaser (or its nominees) and the Vendor will enter into a deed of undertaking (the “**Deed of Undertaking**”) on Completion which will provide that in the event that the Vendor has delivered a notice in writing to exercise its Option to acquire the Option Interest pursuant to the terms of the Option Deed but the parties are restricted from completing such transfer of the Option Interest due to applicable laws and regulations then prevailing and where such restriction is neither attributable to an act, omission or transaction by the Vendor nor within the control of the Vendor, all rights, benefits, obligations and liabilities attaching to the Option Interest shall be held by the Purchaser (or its nominees) for and on behalf of the Vendor in accordance with the provisions of the Deed of Undertaking and until the termination of the Deed of Undertaking.

(b) **Deed on Income Support**

As the Property has not reached stabilised occupancy, the Purchaser (or its nominees) and the Vendor have agreed to enter into a deed on income support (the “**Deed on Income Support**”) to be effective on Completion. The following income support arrangements will be effected (the “**Income Support**”) for so long as Keppel REIT holds at least a 51% interest in KCPL:

- (i) where the income of the Property for the month is less than or equal to S\$5,535,000, the Purchaser (or its nominees) will be entitled to S\$2,230,170 (the “**Guaranteed Monthly Amount**”)¹. If the actual quantum of the Purchaser (or its nominees)’s proportionate share of the adjusted net property income of KCPL (based on its 51% interest) (the “**Actual Monthly Amount**”) is less than the Guaranteed Monthly Amount, the Vendor will pay the Purchaser (or its nominees) an amount equal to the shortfall between the Actual Monthly Amount and the Guaranteed Monthly Amount (the “**Monthly Top-Up Amount**”); and
- (ii) where the income of the Property for the month exceeds S\$5,535,000, the Purchaser (or its nominees) will be entitled to the higher of the Guaranteed Monthly Amount and the Actual Monthly Amount. If the Actual Monthly Amount is less than the Guaranteed Monthly Amount, the Vendor will pay the Purchaser (or its nominees) the Monthly Top-Up Amount.

¹ The Guaranteed Monthly Amount was derived based on the Property’s projected lease-up to stabilised occupancy of 95%.

The Vendor will also be responsible for costs incurred in relation to tenancy works, tenancy incentives and capital expenditures.

The Deed on Income Support will terminate on the earliest of (A) the month immediately after (1) the Property achieves occupancy of no less than 95% of the total net lettable area and the leases of all such occupied premises have commenced and (save as agreed) are fully income-generating and (2) the Actual Monthly Amount for a particular month amounts to no less than the Guaranteed Monthly Amount; (B) five years after the date of the Deed on Income Support; or (C) the date on which the Purchaser (or its nominees) ceases to be shareholders or partners (as the case may be) of KCPL.

(c) **Limited Liability Partnership Agreement**

Following Completion, it is intended that KCPL be converted (the “**Conversion**”) into a limited liability partnership (“**LLP**”) pursuant to Section 27 of the Limited Liability Partnerships Act 2005 of Singapore. Accordingly, the Purchaser (or its nominees) and the Vendor will enter into a limited liability partnership agreement to regulate the relationship of the parties (as partners) and the conduct of the business and affairs of KCPL as a LLP, including, among others, provisions requiring that decisions shall be made by unanimous resolution, customary transfer restrictions and deadlock provisions.

(d) **Property Management Agreement**

On Completion, Keppel Real Estate Services Pte. Ltd. and KCPL will enter into a new property management agreement, and the existing property management agreement between the same parties dated 1 October 2024 will be terminated.

3. OTHER INFORMATION

- 3.1 Based on the representations and confirmations given by Keppel REIT to the Company as at the date of this Announcement, no interested person’s interest in Keppel REIT, other than that held through the Company, amounts to 5% or more. Accordingly, the Proposed Transaction falls within the exception under Rule 915(3) of the Listing Manual of the Singapore Exchange Securities Trading Limited.
- 3.2 Save for any direct or indirect shareholding interests in the Company (and/or its subsidiaries) or Keppel REIT, none of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Transaction.
- 3.3 The Proposed Transaction is not expected to have any material impact on the net tangible assets per share or earnings per share of the Company for the current financial year.

20 October 2026