Keppel Corporation Limited
(Co Reg No. 196800351N)
1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632
www.kepcorp.com

Tel: (65) 62706666
Fax: (65) 64136452

PROPOSED ACQUISITION OF INTEREST IN WATERMARK RETIREMENT COMMUNITIES, INC.

Introduction

Keppel Corporation Limited ("**KCL**" or the "**Company**") wishes to announce that its indirect wholly-owned subsidiary, Keppel Capital Senior Living LLC[1] ("**KC Senior Living**"), has today entered into a conditional equity purchase agreement (the "**Agreement**") with the Diana and David Freshwater Living Trust dated January 20, 2004, the Barnes Family Revocable Trust, and its related entities (collectively, the "**Sellers**"), pursuant to which KC Senior Living (or its nominee) has agreed to purchase and acquire, and the Sellers have agreed to sell and transfer (the "**Acquisition**"):

(i) 50 per cent. of the total equity interests of Watermark Retirement Communities, Inc. ("**WRC**"); and

(ii) 50 per cent. of the total equity interests of certain affiliates of WRC (the "**WRC Affiliates**")[2].

WRC is a leading senior living operator in the United States with development capabilities. It currently manages 52 senior housing communities in 21 states across the United States, and has another 6 communities under development. With assets under management of US$2.7 billion, it is ranked among the top 15 largest senior living operators in the United States by the American Senior Housing Association and has about 9,400 beds under management at present. WRC's senior housing communities offer a variety of services including independent living, assisted living, memory care and skilled nursing. WRC's predecessor company, The Fountains, was founded in 1987 with its original development, The Fountains at La Cholla, located in Tucson, Arizona, where WRC is based.

WRC operates on three different business approaches: it can be engaged as an operator, lease out a property to operate senior living facilities or enter into joint ventures with capital partners to acquire and/or develop a community or a portfolio of communities. Where joint ventures are entered into with capital partners, the Sellers, through the WRC Affiliates, hold minority interests (in the range of 2% to 20%) in the retirement communities, which are then contracted to WRC as the operator and/or developer. The Sellers also hold, through the WRC Affiliates, a 100% interest in a property used by WRC as its office headquarters ("**WRC Office Building**").

---

[1] For the purposes of the Acquisition, the following new wholly-owned indirect subsidiaries were incorporated in Delaware, United States of America, on 24 July 2018, namely (i) Keppel Capital US Holding Inc. ("**Keppel Capital US**"), with a paid-up capital of US$100, which is wholly-owned by the Company's direct wholly-owned subsidiary, Keppel Capital Holdings Pte. Ltd., and (ii) KC Senior Living, with a paid-up capital of US$100, which is wholly-owned by Keppel Capital US.

[2] A list of the WRC Affiliates is set out in Exhibit A to the Agreement and has been reproduced in the Schedule to this Announcement.

Rationale for the Acquisition

Against the backdrop of aging demographics, growing acceptance and shrinking family support, senior living has been identified as a new attractive alternative asset class for the Keppel Group. As a solutions provider of sustainable urbanisation, Keppel is well placed to expand our capabilities in the sector and to offer customised solutions to Singapore and other markets in Asia. In addition, Keppel Capital may raise funds to serve as capital partner for new senior living projects by WRC going forward thereby offering more options to its investors and providing another avenue of growing its assets under management and recurring management fees.

Conditions

Completion of the Acquisition is subject to and conditional upon certain conditions, including, *inter alia*, the entry by KC Senior Living and the Sellers into a governance agreement, a supplemental equity purchase agreement (the "**Supplemental Agreement**") to supplement certain provisions of the Agreement and a contribution agreement in respect of the obligations of KC Senior Living and the Sellers in respect of each of their guarantees and obligations in respect of WRC and the WRC Affiliates post-completion. Completion of the Acquisition is expected to take place in three (3) tranches, with the first completion expected to take place by April 2019.

Purchase Price

The aggregate purchase price for the Acquisition is up to US$77,287,500 (the "**Aggregate Purchase Price**"). It was arrived at on a willing-buyer, willing-seller basis, taking into account the projected income of WRC and the WRC Affiliates and 50 per cent. of the appraised value of WRC Office Building. Using sales comparison and income approaches, the appraisal of WRC Office Building was conducted by AM Valuation Services, PLLC and commissioned by WRC and KC Senior Living, and 50 per cent. of the appraised value of WRC Office Building is US$1.0375 million as at 12 July 2018.

A deposit equivalent to approximately 2.5 per cent. of the Aggregate Purchase Price (being US$1,932,188) is payable within three (3) business days of the entry by KC Senior Living and the Sellers into the Supplemental Agreement. The balance of the Aggregate Purchase Price will be payable in tranches on each completion. The Aggregate Purchase Price will be funded through the Company's internal financial resources.

Financial Effects of the Acquisition

The Acquisition is not expected to have a material impact on the net tangible assets per share or earnings per share of the Company for the current financial year ending 31 December 2018.

Further Information

Save through their shareholding interests, if any, in the Company, none of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Acquisition.

A copy of the Agreement is available for inspection during normal business hours at the registered office of the Company at 1 HarbourFront Avenue #18-01, Keppel Bay Tower, Singapore 098632 for a period of three months from the date of this Announcement.

Schedule

WRC Affiliates

Affiliate	Jurisdiction of Formation/ Incorporation	Community Affiliation (if any)
Watermark Aqua Holdings, LLC or Watermark Aqua Investments, LLC	DE DE	Harvard Square, Parkview, Pinebrook
Watermark Brooklyn Investments, LLC	DE	Brooklyn Heights
Watermark Carmel Holdings, LLC	DE	Carmel
CT Watermark Partners, LLC	DE	3030 Park, East Hill
FMS/CB Management, LLC	DE	Blue Bell, East Village, Rockland, Rose Tree
Watermark Fountains Holdings, LLC or Watermark Fountains Investments, LLC	DE	Bellevue, Bronson, Canterbury, Carlotta, Lake Pointe Woods, Sea Bluffs Albemarle, Boca Ciega Bay, Crystal Lake, Franklin, Greenbriar, La Cholla, La Jolla, Washington House, Millbrook, RiverVue
Watermark Fremont Hills Investments, LLC	DE	Fremont Hills
Watermark Hacienda Investments, LLC or Watermark Hacienda Tucson, LLC and Watermark Hacienda Sisters Holdings, LLC	DE DE DE	Hacienda River, Hacienda Canyon
Watermark Castle Investments, LLC	DE	Logan Square
Watermark Napa Investments, LLC	DE	Napa
Watermark Rochester Holdings, LLC or Watermark Rochester Investments, LLC	DE DE	Clover Blossonm Park Cresent, Erie Station, Fairways I & II, Parklands, Willow Pond Maiden Park, Cranberry Landing, Grande'Vie
Watermark San Ramon Investments, LLC	DE	San Ramon
Watermark KAREP Investments, LLC	DE	St. Andrews, Woodbury
Watermark Trinity Investments, LLC	DE	Trinity AL
Watermark Trinity II Investments, LLC	DE	Trinity IL
Watermark Vistawilla, LLC	DE	Vistawilla
Watermark REIT Investments, LLC	DE	Ankeny, Pella, Waukee, Bayside, Lakeside, Beverly Hills, Livermore
Watermark Westwood Investments, LLC	DE	Westwood
Watermark Marana Holdings, LLC or Watermark Marana Investments, LLC	DE DE	Marana
Watermark North Ogden Investments, LLC	DE	North Ogden
Watermark Senior Living Asia, LLC	DE	Orchid Tree
Watermark Freshwater Group, LLC	DE	Development Management
Watermark 2020, LLC	DE	Office Building
Watermark Retirement Communities, Inc.	AZ	None