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Media Release

Keppel expands into senior living sector with 50% stake in Watermark Retirement Communities

Singapore, 2 August 2018 – Keppel Corporation Limited (Keppel Corporation), through its wholly-owned subsidiary, Keppel Capital Senior Living LLC, which is held through Keppel Capital Holdings Pte. Ltd. (Keppel Capital), has today entered into a conditional equity purchase agreement to acquire a 50% stake in a leading US senior living operator, Watermark Retirement Communities, Inc. (Watermark), as well as 50% of the minority interests held by the owners of Watermark in certain retirement communities managed by Watermark, for a purchase price of up to around US$77.3 million.

Watermark currently manages 52 senior housing communities in 21 states across the United States, with a definitive pipeline that will bring the portfolio to more than 60 communities by 2020. It has about 9,400 beds under management at present. Watermark's predecessor company, The Fountains, was founded in 1987 with its original development, The Fountains at La Cholla, located in Tucson, Arizona, where Watermark is based.

With assets under management of US$2.7 billion, Watermark is ranked among the top 15 largest senior living operators in the United States by the American Senior Housing Association. Its senior housing communities offer a variety of services including independent living, assisted living, memory care and skilled nursing. With more than 30 years of experience in the senior living sector, Watermark has developed a network of systems and tools that is robust, fully integrated and scalable. It operates on a flexible business approach, which includes senior housing community management, long term operating leases as well as joint ventures and general partnerships with capital partners to acquire or develop single communities or community portfolios, where Watermark will receive management fees, dividends from investments, as well as promotes. Post-acquisition, Watermark's existing senior management team will continue to be responsible for the day-to-day operations of the company.

Mr Loh Chin Hua, CEO of Keppel Corporation, said, "Against the backdrop of fast ageing populations across many regions, demand is growing exponentially for senior care services and retirement communities. Watermark is an established developer and operator of senior living communities with a strong track record. This acquisition is a strategic move for Keppel to expand into this new growth sector, leveraging Watermark's deep expertise and agile business model. It will also expand the range of asset classes that Keppel Capital is involved in.

"As a solutions provider for sustainable urbanisation, Keppel is well placed to expand our capabilities into the senior living sector with a view to offering customised solutions to Singapore and other markets in Asia."

Beyond the United States, Watermark has formed Watermark Senior Living China Limited, targeting the Greater China region. Watermark is also engaged in a joint venture operating company with a Chinese state-owned financial and insurance group to manage its senior living projects across China.

Mr David Freshwater, Chairman of Watermark, said, "David Barnes, Watermark's co-founder and CEO, our senior management team and I are very excited about this transaction. Keppel is a leading multi-business company, with a 50-year operating history, bringing to the venture not only a new source of capital to fuel our firm's rapid expansion but also, and equally importantly, invaluable international business experience and savvy to support Watermark's world-wide expansion in the years to come."

Completion of the acquisition is subject to and conditional upon certain conditions, including, *inter alia*, the entry by the parties into a governance agreement, a supplemental agreement to supplement certain provisions of the equity purchase agreement and a contribution agreement in respect of the guarantees and obligations provided by the owners of Watermark in respect of Watermark's business. Completion of the acquisition is expected to take place in three tranches, with the first completion expected to take place by April 2019.

The above mentioned transaction is not expected to have any material impact on the earnings per share and net tangible asset per share of Keppel Corporation Limited for the financial year ending 31 December 2018.

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About Keppel Corporation

With a global footprint in more than 20 countries, Keppel is a multi-business company providing robust solutions for sustainable urbanisation, to meet the growing need for energy, infrastructure, clean environments, high quality homes and offices, and connectivity.

It aims to be a global company at the forefront of its chosen industries, shaping the future for the benefit of all its stakeholders – Sustaining Growth, Empowering Lives and Nurturing Communities.

Visit www.kepcorp.com for information on the company.

About Watermark Retirement Communities Inc

Watermark's commitment to creating innovative and extraordinary communities where people thrive® dates back to 1987, when The Fountains opened its first retirement community. In 2017, the American Seniors Housing Association (ASHA) ranked Tucson-based Watermark Retirement Communities as the nation's 15th leading seniors housing operator. Watermark is a privately held company with a reputation for service, innovation, integrity and financial stability.

To learn more about Watermark, visit www.watermarkcommunities.com.

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