



**CIRCULAR DATED 31 OCTOBER 2014
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

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Approval in-principle has been obtained from the SGX-ST for the listing and quotation of the Consideration Units (as defined herein) on the Main Board of the SGX-ST. The SGX-ST’s in-principle approval is not an

indication of the merits of the Acquisition, the Consideration Units, the Manager, Keppel REIT and/or its subsidiaries.

If you have sold or transferred all your units in Keppel REIT (“**Units**”), you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form in this Circular, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.



(Constituted in the Republic of Singapore pursuant to a trust deed dated 28 November 2005 (as amended) (the “**Trust Deed**”))

MANAGED BY
KEPPEL REIT MANAGEMENT LIMITED

CIRCULAR TO UNITHOLDERS IN RELATION TO:

- (1) THE PROPOSED ACQUISITION OF A ONE-THIRD INTEREST IN MARINA BAY FINANCIAL CENTRE TOWER 3**
- (2) THE PROPOSED ISSUANCE OF NEW UNITS AS PARTIAL CONSIDERATION FOR THE PROPOSED ACQUISITION OF A ONE-THIRD INTEREST IN MARINA BAY FINANCIAL CENTRE TOWER 3**
- (3) THE PROPOSED WHITEWASH RESOLUTION**

Independent Financial Adviser to the Independent Directors and Audit and Risk Committee of Keppel REIT Management Limited

PricewaterhouseCoopers Corporate Finance Pte Ltd

IMPORTANT DATES AND TIMES FOR UNITHOLDERS

Last date and time for lodgement of Proxy Forms	Saturday, 22 November 2014 at 11.00 a.m.
Date and time of Extraordinary General Meeting (“ EGM ”)	Monday, 24 November 2014 at 11.00 a.m.
Place of EGM	Raffles City Convention Centre Stamford Ballroom (Level 4) 80 Bras Basah Road Singapore 189560

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CORPORATE INFORMATION

Directors of Keppel REIT Management Limited (the manager of Keppel REIT) (the “Manager”)	:	Dr Chin Wei-Li, Audrey Marie (Chairman and Non-Executive Independent Director) Ms Ng Hsueh Ling (Chief Executive Officer and Executive Director) Mr Tan Chin Hwee (Non-Executive Independent Director) Mr Lee Chiang Huat (Non-Executive Independent Director) Mr Daniel Chan Choong Seng (Non-Executive Independent Director) Mr Lor Bak Liang (Non-Executive Independent Director) Mr Ang Wee Gee (Non-Executive Director) Professor Tan Cheng Han (Non-Executive Independent Director) Mr Lim Kei Hin (Non-Executive Director)
Registered Office of the Manager	:	1 HarbourFront Avenue #18-01 Keppel Bay Tower Singapore 098632
Trustee of Keppel REIT (the “Trustee”)	:	RBC Investor Services Trust Singapore Limited 20 Cecil Street #28-01 Equity Plaza Singapore 049705
Legal Adviser for the Acquisition and to the Manager	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Adviser for the Trustee	:	Lee & Lee 50 Raffles Place #06-00 Singapore Land Tower Singapore 048623
Unit Registrar and Unit Transfer Office	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
Independent Financial Adviser to the Independent Directors and Audit and Risk Committee of the Manager (the “IFA”)	:	PricewaterhouseCoopers Corporate Finance Pte Ltd 8 Cross Street #17-00 PWC Building Singapore 048424

Independent Valuers : Cushman & Wakefield VHS Pte. Ltd.
(appointed by the Manager)
3 Church Street
#09-03 Samsung Hub
Singapore 049483

Savills Valuation and Professional Services (S)
Pte Ltd
(appointed by the Trustee)
30 Cecil Street
#20-03 Prudential Tower
Singapore 049712

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OVERVIEW

The following overview is qualified in its entirety by, and should be read in conjunction with, the full text of this Circular. Meanings of defined terms may be found in the Glossary on pages 46 to 52 of this Circular.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

OVERVIEW

Keppel REIT is one of the largest real estate investment trusts (“**REITs**”) listed on the SGX-ST. Listed by way of an introduction on 28 April 2006, Keppel REIT’s objective is to deliver regular and sustainable returns as well as long-term growth for unitholders of Keppel REIT (“**Unitholders**”) by owning and investing in a portfolio of quality income-producing commercial real estate and real estate-related assets pan-Asia.

As at 31 August 2014, Keppel REIT had a market capitalisation of approximately S\$3.5 billion¹ and assets under management (“**AUM**”) of approximately S\$7.4 billion comprising a quality portfolio of 10 premium commercial assets strategically located in the central business districts (“**CBDs**”) of Singapore, as well as Sydney, Melbourne, Brisbane and Perth in Australia.

Currently in Singapore, Keppel REIT owns (i) a 99.9% interest in Ocean Financial Centre (the “**OFC Interest**”), (ii) a one-third interest in Marina Bay Financial Centre Towers 1 and 2 (“**MBFC Tower 1**” and “**MBFC Tower 2**”, respectively) and Marina Bay Link Mall (“**MBLM**”, and together with MBFC Towers 1 and 2, “**MBFC Phase One**”) (the “**MBFC Phase One Interest**”), (iii) a one-third interest in One Raffles Quay (the “**ORQ Interest**”) and (iv) Bugis Junction Towers. A 92.8% interest in Prudential Tower was divested on 26 September 2014 for S\$512.0 million² (the “**Prudential Tower Divestment**”).

Currently in Australia, Keppel REIT owns (i) a 50.0% interest in 8 Chifley Square, Sydney (the “**8 Chifley Square Interest**”), (ii) Lots 1, 3, 4 and 5 of 77 King Street, Sydney (the “**77 King Street Property**”), (iii) a 50.0% interest (as a tenant-in-common) in 8 Exhibition Street, Melbourne (the “**8 Exhibition Street Interest**”), (iv) a 50.0% interest (as a tenant-in-common) in 275 George Street, Brisbane (the “**275 George Street Interest**”) and (v) a 50.0% interest in the new office tower being built on the site of the Old Treasury Building, Perth.

On 18 September 2014, the Trustee entered into a conditional share purchase agreement (the “**Share Purchase Agreement**”) with Bayfront Development Pte. Ltd. (the “**Vendor**”) to acquire 200 ordinary shares being one-third of the issued share capital in Central Boulevard Development Pte. Ltd. (“**CBDPL**”, and the acquisition of one-third of the issued share capital in CBDPL, the “**Acquisition**”), which holds Marina Bay Financial Centre Tower 3 (“**MBFC Tower 3**”). CBDPL also wholly-owns Marina Bay Suites Pte. Ltd. (“**MBSPL**”), which holds Marina Bay Suites (“**MBS**”). The Acquisition is structured to effectively exclude CBDPL’s interest in MBSPL. The obligations of the Vendor to the Trustee in respect of the Acquisition are guaranteed by Keppel Land Properties Pte Ltd (“**KLP**”). The Vendor is a wholly-owned subsidiary of KLP, which is in turn a wholly-owned subsidiary of Keppel Land Limited (“**Keppel Land**”).

¹ Based on the closing Unit price of S\$1.250 as at the last trading day in August 2014.

² The sale price of S\$512.0 million for Prudential Tower is 4.5% above the last valuation of the property of S\$490.0 million as at 28 April 2014. It also represents a 46.7% premium over Keppel REIT’s original purchase price of the property of S\$349.1 million.

For the purposes of this Circular:

“**Existing Portfolio**” comprises (i) the OFC Interest, (ii) the MBFC Phase One Interest, (iii) the ORQ Interest, (iv) Bugis Junction Towers, (v) the 8 Chifley Square Interest, (vi) the 77 King Street Property, (vii) the 8 Exhibition Street Interest, (viii) the 275 George Street Interest and (ix) the 50.0% interest in the new office tower being built on the site of the Old Treasury Building in Perth, and, for the avoidance of doubt, does not include the 92.8% interest in Prudential Tower.

“**Enlarged Portfolio**” comprises (i) the Existing Portfolio and (ii) the MBFC Tower 3 Interest (as defined herein).

The property information contained in this Circular on the Existing Portfolio and Enlarged Portfolio is as at 31 August 2014 but does not include the 92.8% interest in Prudential Tower, unless otherwise stated, as Keppel REIT had divested its 92.8% interest in Prudential Tower on 26 September 2014.

SUMMARY OF APPROVALS SOUGHT

The Manager seeks approval from Unitholders for the resolutions stated below:

- (1) **Resolution 1:** the proposed Acquisition of a one-third Interest in Marina Bay Financial Centre Tower 3 (Ordinary Resolution) (which is conditional upon the passing of Resolution 2 and Resolution 3);
- (2) **Resolution 2:** the proposed issuance of new Units as Partial Consideration for the Proposed Acquisition of a one-third Interest in Marina Bay Financial Centre Tower 3 (Ordinary Resolution) (which is conditional upon the passing of Resolution 1 and Resolution 3); and
- (3) **Resolution 3:** the proposed Whitewash Resolution (Ordinary Resolution).

Unitholders should note that Resolution 1 and Resolution 2 relating to the proposed Acquisition and the proposed issuance of Consideration Units respectively are inter-conditional. Unitholders should also note that Resolution 1 and Resolution 2 are each conditional upon Resolution 3 relating to the proposed Whitewash Resolution. In the event that any of Resolution 1, Resolution 2 and Resolution 3 is not passed, the Manager will not proceed with the Acquisition.

RESOLUTION 1: THE PROPOSED ACQUISITION OF A ONE-THIRD INTEREST IN MARINA BAY FINANCIAL CENTRE TOWER 3

Description of MBFC Tower 3

Designed by world-renowned New York-based architect Kohn Pedersen Fox Associates, MBFC Tower 3 is a newly completed premium Grade A office building with large column-free and symmetrical floor plates of approximately 30,000 square feet (“**sq ft**”) to 45,000 sq ft which optimise the efficient use of space as well as offer panoramic views of the Marina Bay.

Located in the heart of prime waterfront land in Singapore’s financial district, MBFC Tower 3 is a 46-storey commercial building with a total net lettable area (“**NLA**”) of 1,341,980 sq ft, of which the office component is approximately 1.3 million sq ft and the remaining is ancillary retail space. There are a total of 357 car park lots in the basement levels of the building. Committed occupancy is approximately 94% as at 31 August 2014 and the line-up of tenants includes DBS Bank Ltd. (“**DBS Bank**”), WongPartnership, Rio Tinto, Booking.com, McGraw-Hill, Clifford Chance, Mead Johnson, Ashurst, Lego, The Norinchukin Bank, Regus Singapore, Milbank, Tweed, Hadley & McCloy, Fitness First and Bank of Montreal. MBFC Tower 3 received its Temporary Occupation

Permit on 21 March 2012 and its Certificate of Statutory Completion (as defined herein) on 18 September 2012. MBFC Tower 3 is sited on a land with a lease tenure of 99 years commencing from 8 March 2007 and expiring on 7 March 2106 (with a remaining lease of approximately 92 years).

MBFC Tower 3 is part of the Marina Bay Financial Centre integrated development (“**MBFC Development**”) which comprises three office towers; two residential developments, Marina Bay Residences (“**MBR**”) and MBS; and a subterranean retail mall, MBLM. The MBFC Development is connected to the other developments in the Marina Bay precinct and the Raffles Place mass rapid transit (“**MRT**”) interchange and the Downtown MRT stations via an underground pedestrian network.

Positioned as Asia’s Best Business Address™, the MBFC Development is close to a wide range of Singapore landmarks including the Marina Bay Sands integrated resort, Gardens by the Bay, Esplanade – Theatres on the Bay, international and boutique hotels, luxury residences as well as a range of dining and retail options.

(See paragraph 2.1 of the Letter to Unitholders and **Appendix A** of this Circular for further details.)

Purchase Consideration and Valuation

The purchase consideration (the “**Purchase Consideration**”) payable to the Vendor in connection with the Acquisition is based on the adjusted net tangible asset value (“**NTA**”) of CBDPL (excluding the NTA of MBSPL¹) as at the date of completion of the Acquisition (“**Completion**”, and the date of Completion, the “**Completion Date**”). The estimated Purchase Consideration is S\$710.1 million² and is derived from:

- (i) S\$1,248.0 million, being the agreed value of a one-third interest in MBFC Tower 3 (the “**Agreed Value**”) which is equivalent to S\$2,790 per sq ft (“**psf**”); less
- (ii) S\$537.9 million, being the adjustments for a one-third share of CBDPL’s net liabilities as at 31 July 2014³, (excluding liabilities relating to project development works of MBFC Tower 3⁴ and excluding MBSPL).

The Agreed Value was negotiated on a willing-buyer and willing-seller basis taking into account the independent valuations of the MBFC Tower 3 Interest. The Agreed Value net of Rental Support (as defined herein) is S\$1,198.8 million, which is equivalent to S\$2,680 psf.

¹ To separate the ownership of MBSPL from CBDPL, an Undertaking Deed (as defined herein) will be entered into between the Trustee, the Vendor and KLP to give effect to their intention that CBDPL’s interest in MBSPL and all liabilities, obligations, rights and benefits relating to MBSPL shall be excluded from the Acquisition. Separate accounts will be prepared for CBDPL and MBSPL. Accordingly, Keppel REIT will not account for MBSPL as an associate as the interest in MBSPL is effectively excluded in the Undertaking Deed.

² The actual amount of the Purchase Consideration payable to the Vendor will only be determined after the Completion Date.

³ The date of the illustrative pro forma balance sheet of CBDPL (excluding the NTA of MBSPL), as set out in the Share Purchase Agreement.

⁴ While the liability relating to project development works of MBFC Tower 3 will be borne by CBDPL, the Vendor shall, subject to the terms of the Share Purchase Agreement, pay Keppel REIT an amount equal to one-third of any liabilities relating to project development works of MBFC Tower 3 payable by CBDPL.

The Manager has commissioned an independent property valuer, Cushman & Wakefield VHS Pte. Ltd. (“**Cushman**”), and the Trustee has commissioned another independent property valuer, Savills Valuation and Professional Services (S) Pte Ltd (“**Savills**”, and together with Cushman, the “**Independent Valuers**”), to value the one-third interest in MBFC Tower 3 (the “**MBFC Tower 3 Interest**”).

The open market value of the MBFC Tower 3 Interest as at 18 August 2014 is (i) S\$1,281.0 million and S\$1,276.0 million (with Rental Support); and (ii) S\$1,242.0 million and S\$1,236.0 million (without Rental Support) as stated by Cushman and Savills in their respective valuation reports. The two valuations, with Rental Support are approximately 2.6% and 2.2% above the Agreed Value of S\$1,248.0 million for the MBFC Tower 3 Interest respectively.

Total Acquisition Cost

The total acquisition cost (the “**Total Acquisition Cost**”) is estimated to be S\$727.5 million, comprising:

- (i) the estimated Purchase Consideration of S\$710.1 million¹;
- (ii) the acquisition fee payable in Units to the Manager for the Acquisition (the “**Acquisition Fee**”) of approximately S\$12.0 million²; and
- (iii) the estimated stamp duty, professional and other fees and expenses of S\$5.4 million incurred or to be incurred by Keppel REIT in connection with the Acquisition.

Method of Financing

The Manager intends to finance the Total Acquisition Cost with (i) the issue of new Units amounting to approximately S\$185.0 million (the “**Consideration Units**”) to the Vendor or its nominee which would be a wholly-owned subsidiary of Keppel Land (the “**Vendor Nominee**”), (ii) net proceeds from the placement of 195,000,000 new Units on 18 September 2014 (the “**Placement**”) of approximately S\$224.6 million (the “**Placement Proceeds**”) ³, (iii) the issue of new Units of approximately S\$12.0 million payable to the Manager as Acquisition Fee, (iv) part of the proceeds from the Prudential Tower Divestment of approximately S\$185.2 million and (v) bank borrowings of approximately S\$120.7 million.

Key Steps Taken to Secure the Acquisition

CBDPL is the current owner of MBFC Tower 3. CBDPL also holds the entire issued share capital of MBSPL, which is the current owner of MBS. As at the date of this Circular, the issued share capital of CBDPL is held in equal proportions (*i.e.* one-third each) by the Vendor, Sageland Private Limited (“**Sageland**”) and Heedum Pte. Ltd. (“**Heedum**”).

¹ The actual amount of the Purchase Consideration payable to the Vendor will only be determined after the Completion Date.

² The Manager has in its discretion, elected to receive the Acquisition Fee of 1.0% of the Agreed Value less the Rental Support amount. As the Acquisition will constitute an “interested party transaction” under Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (“**MAS**”, and Appendix 6, the “**Property Funds Appendix**”), the Acquisition Fee will be in the form of Units (the “**Acquisition Fee Units**”), which shall not be sold within one year from the date of issuance in accordance with Paragraph 5.6 of the Property Funds Appendix.

³ Should the Acquisition not proceed, the Placement Proceeds will be deployed to fund future investments or pare down debt.

The Vendor is a wholly-owned subsidiary of KLP, which is in turn a wholly-owned subsidiary of Keppel Land. Sageland is a wholly-owned subsidiary of Hongkong Land International Holdings Limited (“**Hongkong Land International**”), which is in turn a wholly-owned subsidiary of Hongkong Land Holdings Limited (“**Hongkong Land**”). Heedum is a wholly-owned subsidiary of DBS Bank, which is in turn a wholly-owned subsidiary of DBS Group Holdings Limited (“**DBS Group**”).

(See paragraph 2.2 of the Letter to Unitholders for further details.)

The rights and duties of the Vendor, Sageland and Heedum as shareholders of CBDPL are governed by an amended and restated shareholders’ agreement dated 15 July 2013 made between the Vendor, Sageland, Heedum, KLP, Hongkong Land International, DBS Bank and CBDPL (the “**Shareholders’ Agreement**”). It is also contemplated that the Trustee will concurrently enter into a restated shareholders’ agreement (the “**Restated Shareholders’ Agreement**”) with the other shareholders of CBDPL and their parent entities relating to the governance of their relationship as direct or indirect shareholders of CBDPL and CBDPL’s holding and management of MBFC Tower 3.

(See paragraph 2.7 of the Letter to Unitholders for further details.)

The Share Purchase Agreement provides for the acquisition of 200 ordinary shares being one-third of the issued share capital of CBDPL. The obligations of the Vendor to the Trustee in respect of the Acquisition are guaranteed by KLP. The Acquisition is structured to effectively exclude CBDPL’s interest in MBSPL.

MBFC Tower 3 is a two-year-old premium Grade A office building with a committed occupancy of approximately 94% as at 31 August 2014. The Vendor will provide rental support to Keppel REIT for up to an aggregate amount of approximately S\$49.2 million (the “**Rental Support**”) for a period of five years from Completion for the vacant space and lower-than-market tenancies at MBFC Tower 3. The Manager has the option of either increasing or decreasing the quantum of each quarterly drawdown, provided that the total aggregate quantum of Rental Support shall be approximately S\$49.2 million and the aggregate quarterly drawdowns in each of the periods specified in paragraph 2.6.1 of the Letter to Unitholders shall not exceed 110.0% of the respective Relevant Sums (defined herein).

(See paragraph 2.6 of the Letter to Unitholders for further details.)

As CBDPL holds the entire issued share capital of MBSPL and the intention of Keppel REIT is not to acquire MBSPL, under the terms of the Share Purchase Agreement, it is contemplated that concurrent with the Completion, the Trustee, the Vendor and KLP will enter into an undertaking deed (the “**Undertaking Deed**”) to give effect to their intention that CBDPL’s interest in MBSPL and all rights, benefits, obligations and liabilities relating to MBSPL shall be excluded from the Acquisition.

(See paragraph 2.8 of the Letter to Unitholders for further details.)

Interested Person Transaction and Interested Party Transaction

As at 24 October 2014, being the latest practicable date prior to the printing of this Circular (the “**Latest Practicable Date**”), Keppel Land, through Keppel REIT Investment Pte. Ltd. (“**KRIPL**”), holds an aggregate interest in 1,267,691,054 Units¹, which is equivalent to approximately 42.14% of the total number of Units in issue, and is therefore regarded as a “controlling Unitholder” of Keppel REIT under both the Listing Manual of the SGX-ST (the “**Listing Manual**”) and the Property Funds Appendix. In addition, as the Manager is a wholly-owned subsidiary of Keppel Land, Keppel Land is therefore regarded as a “controlling shareholder” of the Manager under both the Listing Manual and the Property Funds Appendix. Keppel Corporation Limited (“**KCL**”) is also regarded as a “controlling Unitholder” under both the Listing Manual and the Property Funds Appendix. Through Keppel Real Estate Investment Pte. Ltd. (“**KREIPL**”) and KRIPL, KCL has a deemed interest in 1,273,440,608 Units¹, which comprises approximately 42.33% of the total number of Units in issue.

As the Vendor is a wholly-owned subsidiary of Keppel Land, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, the Vendor (being a subsidiary of a “controlling Unitholder” and a “controlling shareholder” of the Manager) is (for the purposes of the Listing Manual) an “interested person” and (for the purposes of the Property Funds Appendix) an “interested party” of Keppel REIT.

Therefore, the Acquisition will constitute an “interested person transaction” under Chapter 9 of the Listing Manual as well as an “interested party transaction” under the Property Funds Appendix, in respect of which the approval of Unitholders is required.

(See paragraph 5.2 of the Letter to Unitholders for further details.)

CBDPL and Raffles Quay Asset Management Pte Ltd (“**RQAM**”) had on 19 September 2012 entered into an amended and restated project and asset management agreement (the “**Amended and Restated Project and Asset Management Agreement**”) pursuant to which RQAM provides property management services in relation to MBFC Tower 3. By approving the Acquisition, Unitholders will be deemed to have also approved any payment of fees pursuant to the Amended and Restated Project and Asset Management Agreement. The shareholders of RQAM are Hongkong Land (Singapore) Pte. Ltd. (a wholly-owned subsidiary of Hongkong Land), Charm Aim International Limited (a wholly-owned subsidiary of Cheung Kong (Holdings) Limited) and Keppel REIT Property Management Pte. Ltd. (a wholly-owned subsidiary of Keppel Land). RQAM is the property manager of One Raffles Quay, as well as the three office towers and the subterranean retail mall at the MBFC Development, which includes MBFC Tower 3. As RQAM is an associate of Keppel Land (which is a “controlling shareholder” of the Manager), the payment of fees pursuant to the Amended and Restated Project and Asset Management Agreement is an “interested person transaction” under Chapter 9 of the Listing Manual.

¹ On 30 October 2014, 6,382,555 Units had been issued to the Manager as part payment of the management fee for Keppel REIT’s financial quarter ended 30 September 2014 (the “**3Q Management Fee Units**”). It should be noted that the Register of Unitholdings would not at the Latest Practicable Date reflect this issuance of 3Q Management Fee Units. However, for good corporate governance, the unitholdings of Keppel Land and KCL in this Circular reflect this issuance of 3Q Management Fee Units.

By approving the Acquisition, Unitholders will be deemed to have also approved:

- (i) the Restated Shareholders' Agreement;
- (ii) the Undertaking Deed; and
- (iii) the Amended and Restated Project and Asset Management Agreement.

(See paragraphs 2.7, 2.8 and 2.9 of the Letter to Unitholders for further details.)

UNITHOLDERS SHOULD NOTE THAT RESOLUTION 1 (THE PROPOSED ACQUISITION) IS SUBJECT TO AND CONTINGENT UPON THE PASSING OF RESOLUTION 2 (THE PROPOSED ISSUANCE OF CONSIDERATION UNITS) AND RESOLUTION 3 (THE PROPOSED WHITEWASH RESOLUTION).

RESOLUTION 2: THE PROPOSED ISSUANCE OF NEW UNITS AS PARTIAL CONSIDERATION FOR THE PROPOSED ACQUISITION OF A ONE-THIRD INTEREST IN MARINA BAY FINANCIAL CENTRE TOWER 3

Partial Payment for the Proposed Acquisition

The Purchase Consideration will be satisfied by way of issuance of the Consideration Units to the Vendor (or the Vendor Nominee) and payment of cash for the balance of the Purchase Consideration. Based on the estimated Purchase Consideration of S\$710.1 million¹, S\$185.0 million will be satisfied by way of issuance of Consideration Units to the Vendor (or the Vendor Nominee) and the remaining payment for the amount of S\$525.1 million in cash. Based on an illustrative issue price of S\$1.17 per Consideration Unit, the total number of the Consideration Units will be equivalent to approximately 158,120,000 Units, representing approximately 5.0% of the total number of Units in issue as at the Latest Practicable Date.

The final issue price of the Consideration Units will be determined based on the volume weighted average price for a Unit for all trades on the SGX-ST for the period of 10 business days commencing on the first day of "ex-dividend" trading in relation to the books closure date for the advanced distribution or, as the case may be, cumulative distribution declared by the Manager (in relation to the then existing Units in issue) and ending on the business day immediately preceding the Completion Date. The Consideration Units shall be issued on the Completion Date and the number of Consideration Units issued shall be rounded downwards to the nearest board lot.

Status of the Consideration Units

The Consideration Units will not be entitled to distributions by Keppel REIT for the period preceding the date of issue of the Consideration Units, and will only be entitled to receive distributions by Keppel REIT from the date of their issue to the end of the financial quarter in which the Consideration Units are issued, as well as all distributions thereafter. The Consideration Units will, upon issue, rank *pari passu* in all respects with the existing Units in issue.

Requirement of Unitholders' Approval for the Proposed Issuance of Consideration Units

The Manager is seeking Unitholders' approval for the proposed issuance of Consideration Units pursuant to Rule 805(1) of the Listing Manual.

¹ The actual amount of the Purchase Consideration payable to the Vendor will only be determined after the Completion Date.

The proposed issuance of the Consideration Units to the Vendor (or the Vendor Nominee) which is a wholly-owned subsidiary of Keppel Land will constitute a placement to a Substantial Unitholder as the Vendor is a wholly-owned subsidiary of Keppel Land, and Keppel Land has deemed interests of (i) 42.14% in Keppel REIT¹ and (ii) 100.0% in the Manager. Under Rule 812 of the Listing Manual, any issue of Units must not be placed to a Substantial Unitholder unless Unitholders' approval is obtained.

The proposed issuance of Consideration Units to the Vendor (or the Vendor Nominee) will constitute an "interested person transaction" under Chapter 9 of the Listing Manual, in respect of which the approval of Unitholders is required.

Accordingly, the Manager is seeking the approval of Unitholders by way of an Ordinary Resolution of the Unitholders for the proposed issuance of the Consideration Units to the Vendor (or the Vendor Nominee).

(See paragraph 3 of the Letter to Unitholders for further details.)

UNITHOLDERS SHOULD ALSO NOTE THAT RESOLUTION 2 (THE PROPOSED ISSUANCE OF THE CONSIDERATION UNITS) IS SUBJECT TO AND CONTINGENT UPON THE PASSING OF RESOLUTION 1 (THE PROPOSED ACQUISITION) AND RESOLUTION 3 (THE PROPOSED WHITEWASH RESOLUTION).

RATIONALE FOR AND BENEFITS OF THE ACQUISITION

The Manager believes that the Acquisition will bring the following key benefits to Unitholders:

(i) Strategic Addition to Keppel REIT's Premium Grade A Office Portfolio

Designed by world-renowned New York-based architect, Kohn Pedersen Fox Associates, MBFC Tower 3, which is part of the MBFC Development, is a premium Grade A office building located in the heart of prime waterfront land in Marina Bay, the new downtown core area of Singapore's CBD.

The Acquisition will give Keppel REIT an ownership interest in all three office towers of the MBFC Development, providing the Manager greater flexibility to optimise leasing and operational efficiencies so as to derive maximum value from the premium grade development.

MBFC Tower 3's key competitive strengths include:

- (a) premium Grade A office specifications with large and regular column-free space ranging from approximately 30,000 sq ft to 45,000 sq ft with all floors being able to accommodate trading operations, floor-to-ceiling windows, as well as modern building services and management systems to cater to tenants' needs;
- (b) excellent connectivity and accessibility with direct access to the Raffles Place interchange and the Downtown MRT stations via an underground pedestrian network, offering seamless and sheltered commuting for MBFC Tower 3's tenants and visitors. MBFC Tower 3 is also well-served by a comprehensive network of roads to all parts of

¹ On 30 October 2014, the 3Q Management Fee Units had been issued to the Manager as part payment of the management fee for Keppel REIT's financial quarter ended 30 September 2014. It should be noted that the Register of Unitholdings would not at the Latest Practicable Date reflect this issuance of 3Q Management Fee Units. However, for good corporate governance, the unitholdings of Keppel Land and KCL in this Circular reflect this issuance of 3Q Management Fee Units.

Singapore. The recently completed Marina Coastal Expressway also provides seamless access to the adjoining expressways and major arterial roads, namely the Kallang-Paya Lebar Expressway, East Coast Parkway and Ayer Rajah Expressway;

- (c) a well-established tenant base including DBS Bank, WongPartnership, Rio Tinto, Booking.com, McGraw-Hill, Clifford Chance, Mead Johnson, Ashurst, Lego, The Norinchukin Bank, Regus Singapore, Milbank, Tweed, Hadley & McCloy, Fitness First and Bank of Montreal; and
- (d) a strategic location in the heart of Marina Bay and situated close to the Marina Bay Sands integrated resort, Gardens by the Bay, Esplanade – Theatres on the Bay, international and boutique hotels, luxury residences as well as a wide range of dining and retail options.

(ii) Stable Income with Growth Potential

Given MBFC Tower 3's prime location, high-end specifications, well-established tenant base and excellent connectivity, the Manager believes that the Acquisition will further enhance income diversification and provide long-term sustainable growth for Unitholders.

The Vendor will also provide Keppel REIT with Rental Support for up to an aggregate of approximately S\$49.2 million for a period of five years from Completion. This will provide income stability for the vacant space and lower-than-market tenancies at MBFC Tower 3.

The income from the committed leases, in addition to the Rental Support, will provide a level of income equivalent to an estimated average gross rental rate of between S\$10.40 psf per month to S\$10.80 psf per month. The average passing gross rental rate of MBFC Tower 3 is currently approximately S\$9.00 psf per month.

Post-Completion of the Acquisition, the proportion of Keppel REIT's properties in Singapore to its entire portfolio (by AUM) will be 88.1%. The Manager believes that the Acquisition will allow Unitholders to participate in the growth potential of Singapore's premium grade office market.

(iii) Enhancing Keppel REIT's Overall Portfolio for Growth

(a) Strengthening Foothold in the Raffles Place and Marina Bay Financial Precincts

In recent years, the epicentre of prime commercial real estate in Singapore has gradually shifted towards the Raffles Place and Marina Bay districts as newer offices with higher building specifications are developed in these areas. With the ongoing development of the Marina Bay area as well as the Singapore Government's continued efforts to position Singapore as the Asian financial gateway, the Manager expects the vibrant Marina Bay area to grow further in prominence and importance.

The Manager believes that the addition of MBFC Tower 3 to Keppel REIT's portfolio will further strengthen its presence and position as the leading landlord of premium Grade A buildings in Singapore's business and financial district. The Acquisition will also allow Keppel REIT to capitalise on and benefit from the growth opportunities arising from the continued development of the Marina Bay area.

Post-Completion of the Acquisition, the proportion of Keppel REIT's portfolio of properties in Singapore (by AUM) in the Raffles Place and Marina Bay areas will increase to approximately 93.0%.

(b) Enhancing Quality and Improving Average Age of Keppel REIT's Property Portfolio

Post-Completion of the Acquisition, the average age of Keppel REIT's property portfolio (by NLA) will improve to approximately 5.5 years.

This will position Keppel REIT as the REIT with the youngest portfolio of premium Grade A office assets in Singapore's Raffles Place and Marina Bay precincts. With a young portfolio, extensive asset enhancement initiatives or large capital expenditure would be unlikely.

(iv) Consistent with Keppel REIT's Proactive Investment and Portfolio Optimisation Strategy

The Manager believes in adopting a proactive acquisition, portfolio optimisation and renewal strategy to constantly upgrade the portfolio's asset quality as well as maintain its market competitiveness.

On 26 September 2014, Keppel REIT divested its 92.8% interest in the 16-year-old Prudential Tower for S\$512.0 million, which is 4.5% above the last valuation and a 46.7% premium over Keppel REIT's original purchase price¹. The Manager intends to use part of the proceeds from the Prudential Tower Divestment to part-finance the Acquisition, thereby allowing Unitholders to enjoy an upgrade in Keppel REIT's portfolio asset quality and increased exposure to the premium Grade A office sector whilst minimising the amount of equity fund raising needed for the Acquisition.

The Prudential Tower Divestment and the Acquisition will provide income resilience and sustainability to Unitholders.

(v) Enhanced Quality of Tenant Base and Improved Lease Profile

The Acquisition is expected to improve the quality of Keppel REIT's tenant base with the addition of major tenants, both from the financial and non-financial sectors. The total number of tenants in the portfolio post-Completion of the Acquisition, will increase from 225 to 271, providing greater diversification of income streams to Keppel REIT.

The weighted average lease expiry (the "WALE") (by NLA) for MBFC Tower 3 stands at 7.0 years. This will allow Unitholders to enjoy income stability from the Acquisition and also a potential increase in income during the rent reviews of leases at MBFC Tower 3.

Post-Completion of the Acquisition, the WALE (by NLA) for the top 10 tenants is expected to lengthen to 9.2 years². In addition, Keppel REIT's portfolio WALE (by NLA) is also expected to lengthen to 6.4 years², with not more than 18.2% of the Enlarged Portfolio (by NLA) expiring in any one year till year 2018.

¹ The valuation of the property as at 28 April 2014 was S\$490.0 million and Keppel REIT's original purchase price of the property was S\$349.1 million.

² Excluding the new office tower being built on the site of the Old Treasury Building, the WALE (by NLA) for the top 10 tenants is expected to be 6.9 years and the WALE (by NLA) for the portfolio is expected to be 5.4 years.

RATIONALE FOR THE ISSUANCE OF CONSIDERATION UNITS

The issuance of Consideration Units will align the interests of Keppel Land with that of Keppel REIT and its Unitholders, as the Vendor is a wholly-owned subsidiary of Keppel Land and Keppel Land is a controlling Unitholder of Keppel REIT. This also demonstrates Keppel Land's commitment to support Keppel REIT's growth strategy.

The issuance of Consideration Units will also result in Keppel REIT raising less equity from the market in the Placement.

As the part payment to Vendor in the form of Units will only be issued on Completion Date, there will be no impact on the distribution per Unit ("**DPU**") for the period from the date of the Share Purchase Agreement to the date of issuance of the Consideration Units.

(See paragraph 4 of the Letter to Unitholders for further details.)

RESOLUTION 3: THE PROPOSED WHITEWASH RESOLUTION

Waiver of the Singapore Code of Take-overs and Mergers

The Securities Industry Council ("**SIC**") has on 29 October 2014 granted a waiver (the "**SIC Waiver**") of the requirement by Keppel Land and parties acting in concert with it to make a mandatory offer ("**Mandatory Offer**") for the remaining Units not owned or controlled by Keppel Land and parties acting in concert with it, in the event that they incur an obligation to make a mandatory offer pursuant to Rule 14 of the Singapore Code of Take-overs and Mergers (the "**Code**") as a result of:

- the receipt by the Vendor (or the Vendor Nominee) of the Consideration Units as partial consideration for the Acquisition; and
- the receipt by the Manager in its own capacity of the Acquisition Fee Units,

subject to the satisfaction of the conditions specified in the SIC Waiver (as set out in paragraph 6.2 of the Letter to Unitholders) including the approval of the Whitewash Resolution by Independent Unitholders (as defined herein) at a general meeting of Unitholders (Resolution 3).

The Manager is seeking approval from Unitholders other than Keppel Land, parties acting in concert with it and parties which are not independent of the Vendor (the "**Independent Unitholders**") for a waiver of their right to receive a mandatory offer from Keppel Land and parties acting in concert with it, in the event that they incur an obligation to make a Mandatory Offer as a result of:

- the receipt by the Vendor (or the Vendor Nominee) of the Consideration Units as partial consideration for the Acquisition; and
- the receipt by the Manager in its own capacity of the Acquisition Fee Units.

Rule 14.1(b) of the Code states that Keppel Land and parties acting in concert with it would be required to make a Mandatory Offer, if Keppel Land and parties acting in concert with it, hold not less than 30.0% but not more than 50.0% of the voting rights of Keppel REIT and Keppel Land, or any person acting in concert with it, acquires in any period of six months additional Units which carry more than 1.0% of the voting rights of Keppel REIT.

Unless waived by the SIC, pursuant to Rule 14.1(b) of the Code, Keppel Land and parties acting in concert with it would then be required to make a Mandatory Offer. The SIC has granted this waiver subject to the satisfaction of the conditions specified in the SIC Waiver (as set out in paragraph 6.2 of the Letter to Unitholders) including the Whitewash Resolution being approved by Independent Unitholders at the EGM.

Assuming that the Vendor (or the Vendor Nominee) receives the Consideration Units and the Manager receives (in its own capacity) the Acquisition Fee in Units and the 3Q Management Fee Units, the unitholdings of Keppel Land and parties acting in concert with it immediately after the completion of the Acquisition will be approximately 45.66%¹ of the enlarged unitholdings after the issue of the Consideration Units, the Acquisition Fee Units and the 3Q Management Fee Units.

(See paragraph 6.2 of the Letter to Unitholders for further details.)

Rationale for the Whitewash Resolution

The Whitewash Resolution is to enable the Vendor to receive the Consideration Units as partial consideration for the Acquisition and the Manager to receive (in its own capacity) the Acquisition Fee Units. The rationale for enabling the Vendor which is a wholly-owned subsidiary of Keppel Land to receive the Consideration Units is set out in paragraph 6.3 of the Letter to Unitholders.

(See paragraph 6.3 of the Letter to Unitholders for further details.)

¹ Computed based on the issuance of approximately 158,120,000 new Units and 10,246,000 new Units respectively for the partial payment of the Purchase Consideration of S\$185.0 million and the Acquisition Fee of approximately S\$12.0 million payable in Units at an illustrative issue price of S\$1.17 per Unit, and 6,382,555 3Q Management Fee Units paid to the Manager.

INDICATIVE TIMETABLE

The timetable for the events which are scheduled to take place after the EGM is indicative only and is subject to change at the Manager's absolute discretion. Any changes (including any determination of the relevant dates) to the timetable below will be announced.

Event	Date and Time
Last date and time for lodgement of Proxy Forms	: Saturday, 22 November 2014 at 11.00 a.m.
Date and time of the EGM	: Monday, 24 November 2014 at 11.00 a.m.

If approvals for the proposed Acquisition, the proposed issuance of Consideration Units and the proposed Whitewash Resolution are obtained at the EGM:

Target date for Completion : On or about 15 business days after the EGM (or such other date as may be agreed between the Trustee and the Vendor)



(Constituted in the Republic of Singapore
pursuant to a trust deed dated 28 November 2005 (as amended))

Directors of the Manager

Dr Chin Wei-Li, Audrey Marie
(Chairman and Non-Executive Independent Director)
Ms Ng Hsueh Ling
(Chief Executive Officer and Executive Director)
Mr Tan Chin Hwee
(Non-Executive Independent Director)
Mr Lee Chiang Huat
(Non-Executive Independent Director)
Mr Daniel Chan Choong Seng
(Non-Executive Independent Director)
Mr Lor Bak Liang
(Non-Executive Independent Director)
Mr Ang Wee Gee
(Non-Executive Director)
Professor Tan Cheng Han
(Non-Executive Independent Director)
Mr Lim Kei Hin
(Non-Executive Director)

Registered Office

1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632

31 October 2014

To: Unitholders of Keppel REIT

Dear Sir/Madam

1. SUMMARY OF APPROVALS SOUGHT

The Manager is convening the EGM to seek the approval from Unitholders by way of Ordinary Resolution¹:

- (a) **Resolution 1:** the proposed Acquisition;
- (b) **Resolution 2:** the proposed issuance of the Consideration Units; and
- (c) **Resolution 3:** the proposed Whitewash Resolution.

Unitholders should note that Resolution 1 and Resolution 2 relating to the proposed Acquisition and the proposed issuance of Consideration Units respectively are inter-conditional. Unitholders should also note that Resolution 1 and Resolution 2 are each conditional upon Resolution 3 relating to the proposed Whitewash Resolution. In the event that any of Resolution 1, Resolution 2 and Resolution 3 is not passed, the Manager will not proceed with the Acquisition.

¹ "Ordinary Resolution" means a resolution proposed and passed as such by a majority being greater than 50.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed.

2. THE PROPOSED ACQUISITION

2.1 Description of MBFC Tower 3

Designed by world-renowned New York-based architect Kohn Pedersen Fox Associates, MBFC Tower 3 is a newly completed premium Grade A office building with large column-free and symmetrical floor plates of approximately 30,000 sq ft to 45,000 sq ft which optimise the efficient use of space as well as offer panoramic views of the Marina Bay.

Located in the heart of prime waterfront land in Singapore's financial district, MBFC Tower 3 is a 46-storey commercial building with a total NLA of 1,341,980 sq ft, of which the office component is approximately 1.3 million sq ft and the remaining is ancillary retail space. There are a total of 357 car park lots in the basement levels of the building. Committed occupancy is approximately 94% as at 31 August 2014 and the line-up of tenants includes DBS Bank, WongPartnership, Rio Tinto, Booking.com, McGraw-Hill, Clifford Chance, Mead Johnson, Ashurst, Lego, The Norinchukin Bank, Regus Singapore, Milbank, Tweed, Hadley & McCloy, Fitness First and Bank of Montreal. MBFC Tower 3 received its Temporary Occupation Permit on 21 March 2012 and its Certificate of Statutory Completion on 18 September 2012. MBFC Tower 3 is sited on a land with a lease tenure of 99 years commencing from 8 March 2007 and expiring on 7 March 2106 (with a remaining lease of approximately 92 years).

MBFC Tower 3 is part of the MBFC Development which comprises three office towers; two residential developments, MBR and MBS; and a subterranean retail mall, MBLM. The MBFC Development is connected to the other developments in the Marina Bay precinct and the Raffles Place MRT interchange and the Downtown MRT stations via an underground pedestrian network.

Positioned as Asia's Best Business Address™, the MBFC Development is close to a wide range of Singapore landmarks including the Marina Bay Sands integrated resort, Gardens by the Bay, Esplanade – Theatres on the Bay, international and boutique hotels, luxury residences as well as a range of dining and retail options.

(See **Appendix A** of this Circular for further details.)

2.2 Structure of the Acquisition, Joint Ownership of MBFC Tower 3 and the Independent Valuations

On 18 September 2014, the Trustee entered into the Share Purchase Agreement with the Vendor for the acquisition of 200 ordinary shares being one-third of the issued share capital of CBDPL. The Acquisition is structured to effectively exclude CBDPL's interest in MBSPL. The obligations of the Vendor to the Trustee under the Share Purchase Agreement are guaranteed by KLP.

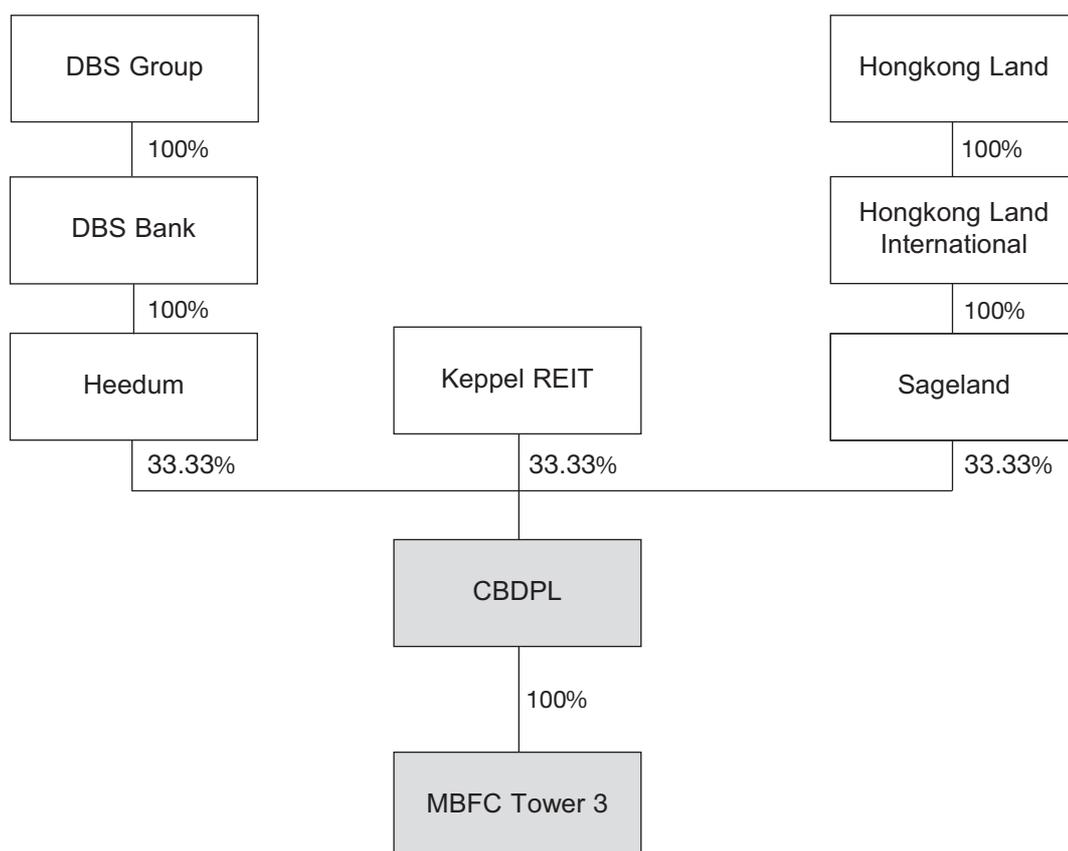
The Agreed Value was negotiated on a willing-buyer and willing-seller basis taking into account the independent valuations of the MBFC Tower 3 Interest. The Purchase Consideration payable to the Vendor in connection with the Acquisition is based on the adjusted NTA of CBDPL (excluding the NTA of MBSPL¹) as at the Completion Date.

¹ To separate the ownership of MBSPL from CBDPL, an Undertaking Deed will be entered into between the Trustee, the Vendor and KLP to give effect to their intention that CBDPL's interest in MBSPL and all liabilities, obligations, rights and benefits relating to MBSPL shall be excluded from the Acquisition. Separate accounts will be prepared for CBDPL and MBSPL. Accordingly, Keppel REIT will not account for MBSPL as an associate as the interest in MBSPL is effectively excluded in the Undertaking Deed.

The estimated Purchase Consideration is S\$710.1 million¹ and is derived from:

- (i) S\$1,248.0 million, being the Agreed Value of a one-third interest in MBFC Tower 3; less
- (ii) S\$537.9 million, being the adjustments for a one-third share of CBDPL's net liabilities as at 31 July 2014², (excluding liabilities relating to project development works of MBFC Tower 3³ and excluding MBSPL).

The diagram below sets out the relationships between the various parties following Completion.



The Manager has commissioned an independent property valuer, Cushman, and the Trustee has commissioned another independent property valuer, Savills, to value the MBFC Tower 3 Interest. The open market value of the MBFC Tower 3 Interest as at 18 August 2014 is (i) S\$1,281.0 million and S\$1,276.0 million (with Rental Support); and (ii) S\$1,242.0 million and S\$1,236.0 million (without Rental Support) as stated by Cushman and Savills in their respective valuation reports. The two valuations, with Rental Support are approximately 2.6% and 2.2% above the Agreed Value of S\$1,248.0 million for the MBFC Tower 3 Interest respectively. The valuations by the Independent Valuers were based on a stabilised occupancy rate of approximately 97% and 98%. The methods used by the Independent Valuers were the capitalisation method, the discounted cash flow method and the market comparison method.

¹ The actual amount of the Purchase Consideration payable to the Vendor will only be determined after the Completion Date.

² The date of the illustrative pro forma balance sheet of CBDPL (excluding the NTA of MBSPL), as set out in the Share Purchase Agreement.

³ While the liability relating to project development works of MBFC Tower 3 will be borne by CBDPL, the Vendor shall, subject to the terms of the Share Purchase Agreement, pay Keppel REIT an amount equal to one-third of any liabilities relating to project development works of MBFC Tower 3 payable by CBDPL.

2.3 Certain Terms and Conditions of the Share Purchase Agreement

The principal terms of the Share Purchase Agreement include, among others, the following conditions precedent:

- (i) the approval of Unitholders for the Acquisition and the issuance of the Consideration Units to the Vendor (or the Vendor Nominee);
- (ii) the completion of the draw down of the refinancing loan to repay all shareholders' loans from Sageland, the Vendor and Heedum to CBDPL;
- (iii) there being no resolution, proposal, scheme or order for the compulsory acquisition by the Singapore Government of the whole or any part of MBFC Tower 3 on or before Completion;
- (iv) there being no material damage to MBFC Tower 3 on or before Completion;
- (v) the receipt of the waiver from the SIC of the requirement by the Vendor and parties acting in concert with it to make a mandatory offer for the remaining Units not owned or controlled by the Vendor and parties acting in concert with it, in the event that they incur an obligation to make a mandatory offer pursuant to Rule 14 of the Code as a result of the receipt of (a) the Consideration Units and (b) the Acquisition Fee which is required to be paid to the Manager in Units pursuant to the Property Funds Appendix in respect of the Acquisition;
- (vi) the approval of Unitholders for the resolution to seek their approval for a waiver of their right to receive a mandatory offer from the Vendor and parties acting in concert with it for the remaining Units not owned or controlled by the Vendor and parties acting in concert with it pursuant to Rule 14 of the Code, as a result of the receipt of (a) the Consideration Units and (b) the Acquisition Fee which is required to be paid to the Manager in Units pursuant to the Property Funds Appendix in respect of the Acquisition; and
- (vii) the Consideration Units having been approved in-principle for listing on the SGX-ST, there not having occurred any withdrawal of such approval and the conditions to such approval having been fulfilled.

2.4 Total Acquisition Cost

The Total Acquisition Cost is estimated to be S\$727.5 million, comprising:

- (i) the estimated Purchase Consideration of S\$710.1 million¹;
- (ii) the Acquisition Fee of approximately S\$12.0 million²; and
- (iii) the estimated stamp duty, professional and other fees and expenses of S\$5.4 million incurred or to be incurred by Keppel REIT in connection with the Acquisition.

¹ The actual amount of the Purchase Consideration payable to the Vendor will only be determined after the Completion Date.

² The Manager has in its discretion, elected to receive the Acquisition Fee of 1.0% of the Agreed Value less the Rental Support amount. As the Acquisition will constitute an "interested party transaction" under the Property Funds Appendix issued by the MAS, the Acquisition Fee will be in the form of Units, which shall not be sold within one year from the date of issuance in accordance with Paragraph 5.6 of the Property Funds Appendix.

Pursuant to the Trust Deed, the Manager is entitled to receive an acquisition fee at the rate of 1.0% of the Agreed Value. The Manager has in its discretion, elected to receive an acquisition fee of 1.0% of the Agreed Value less the Rental Support amount for this Acquisition.

2.5 Method of Financing

The Manager intends to finance the Total Acquisition Cost with (i) the issue of the Consideration Units amounting to approximately S\$185.0 million to the Vendor (or the Vendor Nominee), (ii) the Placement Proceeds¹ of approximately S\$224.6 million, (iii) the issue of new Units of approximately S\$12.0 million payable to the Manager as Acquisition Fee, (iv) part of the proceeds from the Prudential Tower Divestment of approximately S\$185.2 million and (v) bank borrowings of approximately S\$120.7 million.

Keppel REIT's all-in interest rate and aggregate leverage² after the Completion Date will be approximately 2.3% and 43.8%³ respectively.

The Property Funds Appendix provides that the aggregate leverage of Keppel REIT may exceed 35.0% of the value of the Deposited Property of Keppel REIT (up to a maximum of 60.0%) if a credit rating of the REIT from Fitch Inc., Moody's Investor Services, Inc. ("**Moody's**") or Standard & Poor's Rating Services ("**S&P**") is obtained and disclosed to the public. Keppel REIT is currently rated "Baa2" by Moody's and "BBB" by S&P.

Post-Completion, the percentage of assets unencumbered and the percentage of borrowings on fixed-rate are expected to be approximately 72.0% and 65.0% respectively. The weighted average term to expiry of borrowings will be approximately 3.5 years.

2.6 Rental Support

2.6.1 Terms of the Rental Support

MBFC Tower 3 is a two-year-old premium Grade A office building with a committed occupancy of approximately 94% as at 31 August 2014. The Vendor will provide Rental Support to Keppel REIT for up to an aggregate amount of approximately S\$49.2 million for a period of five years from Completion for the vacant space and lower-than-market tenancies at MBFC Tower 3.

The Vendor shall pay Keppel REIT a "Relevant Sum" each year, with each Relevant Sum to be paid by way of quarterly instalments. For the purpose of the Rental Support, "**Relevant Sum**" means:

- (i) for the period commencing on the Completion Date and ending on 31 December 2014 (both dates inclusive), S\$2,690,000;
- (ii) for the period commencing on 1 January 2015 and ending on 31 December 2015 (both dates inclusive), S\$14,800,000;

¹ Should the Acquisition not proceed, the Placement Proceeds will be deployed to fund future investments or pay down debt.

² "**Aggregate leverage**" refers to the ratio of the value of borrowings (inclusive of proportionate share of borrowings of jointly-controlled entities) and deferred payments (if any) to the value of the gross assets of Keppel REIT, including all its authorised investments held or deemed to be held upon the trust under the Trust Deed (the "**Deposited Property**").

³ This is computed based on the exchange rate of A\$1.00 = S\$1.174 and includes the one-third share of the borrowings recorded in CBDPL's books.

- (iii) for the period commencing on 1 January 2016 and ending on 31 December 2016 (both dates inclusive), S\$12,800,000;
- (iv) for the period commencing on 1 January 2017 and ending on 31 December 2017 (both dates inclusive), S\$10,300,000;
- (v) for the period commencing on 1 January 2018 and ending on 31 December 2018 (both dates inclusive), S\$8,615,000; and
- (vi) for the period commencing on 1 January 2019 (inclusive) and ending on the date five calendar years after the Completion Date, S\$0,

and where applicable, adjusted accordingly as per the terms of the Share Purchase Agreement. The income from the committed leases, in addition to the Rental Support, will provide a level of income equivalent to an estimated average gross rental rate of between S\$10.40 psf per month to S\$10.80 psf per month.

The average passing gross rental rate of MBFC Tower 3 is currently approximately S\$9.00 psf per month. The Manager believes that the level of income with Rental Support is sustainable, taking into account recent signing rental rates of approximately S\$11.00 psf per month to S\$13.00 psf per month for MBFC Tower 3 and comparable average Grade A office rental rates achieved since 2007.

On Completion, the aggregate Rental Support amount of approximately S\$49.2 million shall be deducted from the Purchase Consideration. The Manager has the option of either increasing or decreasing the quantum of each quarterly drawdown, provided that the total aggregate quantum of Rental Support shall be approximately S\$49.2 million and the aggregate quarterly drawdowns in each of the periods specified above shall not exceed 110.0% of the respective Relevant Sums.

The Relevant Sums were derived as the amounts which if added to the estimated net property income of MBFC Tower 3 Interest of the respective years would result in a level of income equivalent to an estimated average rental rate of between S\$10.40 psf per month to S\$10.80 psf per month. The summation of the Relevant Sums equates to approximately S\$49.2 million.

The expected amount of Rental Support to be drawn for the first two years is currently expected to be close to the Relevant Sum for the respective year indicated above¹.

The valuations by the Independent Valuers take into account the Rental Support to be provided by the Vendor to Keppel REIT.

2.6.2 Safeguards

As the aggregate Rental Support amount of approximately S\$49.2 million shall be deducted from the Purchase Consideration, there will be no risk that the Rental Support would not be paid by the Vendor. The Rental Support amount of approximately S\$49.2 million shall be deducted from the cash component of the Purchase Consideration.

¹ Notwithstanding such current expectation regarding the amount to be drawn down, the actual amount of Rental Support to be drawn down in each period may differ from the Relevant Sum, and is dependent on among other things, the actual performance of MBFC Tower 3 and whether the Manager had previously exercised its option to increase or decrease the quantum of each quarterly drawdown, subject to the limit described above. For the avoidance of doubt, the Relevant Sum set out above is not a forecast as to the performance of MBFC Tower 3 and the Relevant Sum may not reflect the actual quantum of Rental Support drawn down in each period.

In the event that there is any portion of the Rental Support which is undrawn, such undrawn portion shall be returned to the Vendor.

2.6.3 Independent Valuers' Opinion

The Independent Valuers are of the opinion that the rental of the MBFC Tower 3 Interest taking into account the Rental Support is in line with market rentals of comparable premium Grade A office buildings of comparable occupancy levels, using the market comparison method. They are also of the opinion that the valuation of the MBFC Tower 3 Interest, taking into account the Rental Support, is reasonable and comparable to market rates. The valuations by the Independent Valuers were based on the capitalisation method, the discounted cash flow method and the market comparison method.

(See **Appendix B** of this Circular for further details.)

2.6.4 Board's Opinion

Taking into account the Independent Valuers' confirmations and the opinion of the IFA on the Acquisition, the board of directors of the Manager (the "**Board**") (including the audit and risk committee of the Manager (the "**Audit and Risk Committee**")) is of the view that the Rental Support is on normal commercial terms and is not prejudicial to the interests of Keppel REIT and its minority Unitholders.

(See **Appendix B** and **Appendix C** of this Circular for further details.)

2.7 Restated Shareholders' Agreement

Under the terms of the Share Purchase Agreement, it is contemplated that at Completion, the Trustee will enter into the Restated Shareholders' Agreement with the other shareholders of CBDPL and their parent entities relating to the governance of their relationship as direct or indirect shareholders of CBDPL and CBDPL's holding and management of MBFC Tower 3.

By approving the Acquisition, Unitholders will be deemed to have also approved the entry into the Restated Shareholders' Agreement.

2.7.1 Terms of the Restated Shareholders' Agreement

Under the terms of the Restated Shareholders' Agreement, each shareholder of CBDPL shall have the right to appoint members to the executive committee, in proportion to their respective shareholding. The executive committee shall review, evaluate and make decisions on matters relating to the management of MBFC Tower 3.

Under the Restated Shareholders' Agreement, the following matters, among others, shall require unanimous approval:

- (i) any amendment of the Restated Shareholders' Agreement and the memorandum and articles of association of CBDPL;
- (ii) any material change in nature or scope or geographical area of CBDPL's business;
- (iii) the winding up or dissolution of CBDPL;

- (iv) the creation, allotment or issue of any shares or other securities in the capital of CBDPL or the grant of any option or right to subscribe for, or convert any instrument into any such shares or other securities of CBDPL; the consolidation, sub-division or conversion of any of the share capital of CBDPL or in any way altering the rights attaching thereto; the alteration of any rights attaching to any class of shares in the capital of CBDPL;
- (v) any changes to the dividend distribution policy of CBDPL;
- (vi) any borrowings incurred by CBDPL;
- (vii) the creation or varying the terms of any mortgage, lien or other security over any assets or property of CBDPL;
- (viii) the disposition or assignment of any asset of CBDPL;
- (ix) the approval of capital expenditure by CBDPL for any assets or property at a total cost to CBDPL (per transaction or series of connected or related transactions) of more than S\$100,000; and
- (x) the entry into interested party transactions, subject to a threshold of S\$100,000 (for any transaction or a series of connected or related transactions).

Except for matters requiring unanimous approval, the shareholders of CBDPL shall appoint an executive committee to review, evaluate and make decisions on matters relating to the management of MBFC Tower 3.

Each shareholder of CBDPL holding 15.0% or more of the issued shares of CBDPL shall have the right to appoint one director on the CBDPL Board for each 15.0% of its aggregate shareholding. For purposes of all CBDPL Board decisions and resolutions, each of the shareholders of CBDPL shall be entitled to allocate to their appointed directors one vote in respect of each share of CBDPL held by that Shareholder.

2.8 Undertaking Deed

By approving the Acquisition, Unitholders will be deemed to have also approved the entry into the Undertaking Deed.

2.8.1 Terms of the Undertaking Deed

The Trustee, the Vendor and KLP will enter into the Undertaking Deed to give effect to their intention that CBDPL's interest in MBSPL and all rights, benefits, obligations and liabilities relating to such interest shall be excluded from the Acquisition.

Pursuant to the Undertaking Deed:

- (i) the Vendor retains all the obligations, liabilities, rights and benefits, accruing to the Vendor as an indirect shareholder of one-third of the issued and paid-up share capital of MBSPL as if the Vendor continues to hold such interest in MBSPL, notwithstanding that the Trustee has acquired one-third of the issued share capital in CBDPL held by the Vendor and that CBDPL continues to be the sole shareholder of MBSPL;

- (ii) the Trustee exercises all voting rights and other rights and powers that it directly or indirectly has or controls in CBDPL and, as the case may be, MBSPL in accordance with the written instructions of the Vendor on all matters arising from, relating to, or otherwise connected with MBSPL and/or CBDPL's ownership of MBSPL;
- (iii) any costs, liabilities or adverse financial impact on CBDPL arising from, relating to, or otherwise connected with, CBDPL's ownership of MBSPL will not adversely affect the Trustee;
- (iv) one-third of any rights and benefits (including any dividends, distributions and other entitlements) arising from, relating to, or otherwise connected with, CBDPL's ownership of MBSPL will be transferred by the Trustee to the Vendor; and
- (v) all commercially reasonable endeavours are undertaken by the Vendor (together with the co-operation of the other shareholders of CBDPL) to effect a liquidation of MBSPL within a target timeframe of 36 months after the sale of all the units in MBS.

2.9 Amended and Restated Project and Asset Management Agreement

CBDPL and RQAM had on 19 September 2012 entered into the Amended and Restated Project and Asset Management Agreement pursuant to which RQAM provides property management services in relation to MBFC Tower 3.

By approving the Acquisition, Unitholders will be deemed to have also approved any payment of fees pursuant to the Amended and Restated Project and Asset Management Agreement as described below.

The shareholders of RQAM are Hongkong Land (Singapore) Pte. Ltd. (a wholly-owned subsidiary of Hongkong Land), Charm Aim International Limited (a wholly-owned subsidiary of Cheung Kong (Holdings) Limited) and Keppel REIT Property Management Pte. Ltd. (a wholly-owned subsidiary of Keppel Land). RQAM is the property manager of One Raffles Quay, as well as the three office towers and the subterranean retail mall at the MBFC Development, which includes MBFC Tower 3. As RQAM is an associate of Keppel Land (which is a "controlling shareholder" of the Manager), the payment of fees pursuant to the Amended and Restated Project and Asset Management Agreement is an "interested person transaction" under Chapter 9 of the Listing Manual.

RQAM is responsible for providing, among others, the following services under the Amended and Restated Project and Asset Management Agreement:

- (i) building management;
- (ii) lease administration;
- (iii) financial management;
- (iv) formal reporting;
- (v) secretarial services;
- (vi) accounting services;

- (vii) administrative services; and
- (viii) project management services.

In consideration of the due performance by RQAM of the aforesaid services, CBDPL shall pay RQAM:

- (a) a management fee equal to 3.0% of the gross revenue of MBFC Tower 3;
- (b) in relation to each lease entered into by a tenant, a marketing fee equivalent to:
 - (A) two months' gross rent in the event that such lease is for a term of five years or more; or
 - (B) one month's gross rent in the event that such lease is for a term of two years or more, but less than five years; or
 - (C) one-half month's gross rent in the event that such lease is for a term of less than two years;
- (c) in relation to renewal of leases, a marketing fee equivalent to one-quarter month's gross rent for the renewal of such lease; and
- (d) in relation to leases with rent review provision, a marketing fee equivalent to one-quarter month's gross rent based on the reviewed rent on each of the rent review under such lease.

3. THE PROPOSED ISSUANCE OF THE CONSIDERATION UNITS

3.1 Partial Payment for the Proposed Acquisition

The Purchase Consideration will be satisfied by way of issuance of the Consideration Units to the Vendor (or the Vendor Nominee) and payment of cash for the balance of the Purchase Consideration. Based on the estimated Purchase Consideration of S\$710.1 million¹, S\$185.0 million will be satisfied by way of issuance of the Consideration Units to the Vendor (or the Vendor Nominee) and the remaining payment for the amount of S\$525.1 million in cash. Based on an illustrative issue price of S\$1.17 per Consideration Unit, the total number of the Consideration Units will be equivalent to approximately 158,120,000 Units, representing approximately 5.0% of the total number of Units in issue as at the Latest Practicable Date.

The final issue price of the Consideration Units will be determined based on the volume weighted average price for a Unit for all trades on the SGX-ST for the period of 10 business days commencing on the first day of "ex-dividend" trading in relation to the books closure date for the advanced distribution or, as the case may be, cumulative distribution declared by the Manager (in relation to the then existing Units in issue) and ending on the business day immediately preceding the Completion Date. The Consideration Units shall be issued on the Completion Date and the number of Consideration Units issued shall be rounded downwards to the nearest board lot.

¹ The actual amount of the Purchase Consideration payable to the Vendor will only be determined after the Completion Date.

3.2 Status of the Consideration Units

The Consideration Units will not be entitled to distributions by Keppel REIT for the period preceding the date of issue of the Consideration Units, and will only be entitled to receive distributions by Keppel REIT from the date of their issue to the end of the financial quarter in which the Consideration Units are issued, as well as all distributions thereafter. The Consideration Units will, upon issue, rank *pari passu* in all respects with the existing Units in issue.

3.3 Requirement of Unitholders' Approval for the Proposed Issuance of Consideration Units

The Manager is seeking Unitholders' approval for the proposed issuance of Consideration Units pursuant to Rule 805(1) of the Listing Manual.

The proposed issuance of the Consideration Units to the Vendor (or the Vendor Nominee) which is a wholly-owned subsidiary of Keppel Land will constitute a placement to a Substantial Unitholder as the Vendor is a wholly-owned subsidiary of Keppel Land, and Keppel Land has deemed interests of (i) 42.14% in Keppel REIT¹ and (ii) 100.0% in the Manager. Under Rule 812 of the Listing Manual, any issue of Units must not be placed to a Substantial Unitholder unless Unitholders' approval is obtained.

The proposed issuance of Consideration Units to the Vendor (or the Vendor Nominee) will constitute an "interested person transaction" under Chapter 9 of the Listing Manual, in respect of which the approval of Unitholders is required.

Accordingly, the Manager is seeking the approval of Unitholders by way of an Ordinary Resolution of the Unitholders for the proposed issuance of the Consideration Units to the Vendor (or the Vendor Nominee).

3.4 Advice of the Independent Financial Adviser

The Manager has appointed PricewaterhouseCoopers Corporate Finance Pte Ltd as the IFA to advise the independent directors of the Manager (the "**Independent Directors**") and the Audit and Risk Committee in relation to the proposed issuance of Consideration Units. A copy of the letter from the IFA to the Independent Directors and members of the Audit and Risk Committee (the "**IFA Letter**"), containing its advice in full, is set out in **Appendix C** of this Circular and Unitholders are advised to read the IFA Letter carefully.

Having considered the factors and the assumptions set out in the IFA Letter, and subject to the qualifications set out therein, the IFA is of the opinion that the proposed issuance of Consideration Units is based on normal commercial terms and is not prejudicial to the interests of Keppel REIT and its minority Unitholders.

The IFA is of the opinion that the Independent Directors can recommend that Unitholders vote in favour of the resolution in connection with the issuance of the Consideration Units to be proposed at the EGM.

¹ On 30 October 2014, the 3Q Management Fee Units had been issued to the Manager as part payment of the management fee for Keppel REIT's financial quarter ended 30 September 2014. It should be noted that the Register of Unitholdings would not at the Latest Practicable Date reflect this issuance of 3Q Management Fee Units. However, for good corporate governance, the unitholdings of Keppel Land and KCL in this Circular reflects this issuance of 3Q Management Fee Units.

4. RATIONALE FOR AND BENEFITS OF THE ACQUISITION AND THE ISSUANCE OF THE CONSIDERATION UNITS

The Manager believes that the Acquisition will bring the following key benefits to Unitholders:

4.1 Strategic Addition to Keppel REIT's Premium Grade A Office Portfolio

Designed by world-renowned New York-based architect, Kohn Pedersen Fox Associates, MBFC Tower 3, which is part of the MBFC Development, is a premium Grade A office building located in the heart of prime waterfront land in Marina Bay, the new downtown core area of Singapore's CBD.

The Acquisition will give Keppel REIT an ownership interest in all three office towers of the MBFC Development, providing the Manager greater flexibility to optimise leasing and operational efficiencies so as to derive maximum value from the premium grade development.

MBFC Tower 3's key competitive strengths include:

- (a) premium Grade A office specifications with large and regular column-free space ranging from approximately 30,000 sq ft to 45,000 sq ft with all floors being able to accommodate trading operations, floor-to-ceiling windows, as well as modern building services and management systems to cater to tenants' needs;
- (b) excellent connectivity and accessibility with direct access to the Raffles Place interchange and the Downtown MRT stations via an underground pedestrian network, offering seamless and sheltered commuting for MBFC Tower 3's tenants and visitors. MBFC Tower 3 is also well-served by a comprehensive network of roads to all parts of Singapore. The recently completed Marina Coastal Expressway also provides seamless access to the adjoining expressways and major arterial roads, namely the Kallang-Paya Lebar Expressway, East Coast Parkway and Ayer Rajah Expressway;
- (c) a well-established tenant base including DBS Bank, WongPartnership, Rio Tinto, Booking.com, McGraw-Hill, Clifford Chance, Mead Johnson, Ashurst, Lego, The Norinchukin Bank, Regus Singapore, Milbank, Tweed, Hadley & McCloy, Fitness First and Bank of Montreal; and
- (d) a strategic location in the heart of Marina Bay and situated close to the Marina Bay Sands integrated resort, Gardens by the Bay, Esplanade – Theatres on the Bay, international and boutique hotels, luxury residences as well as a wide range of dining and retail options.

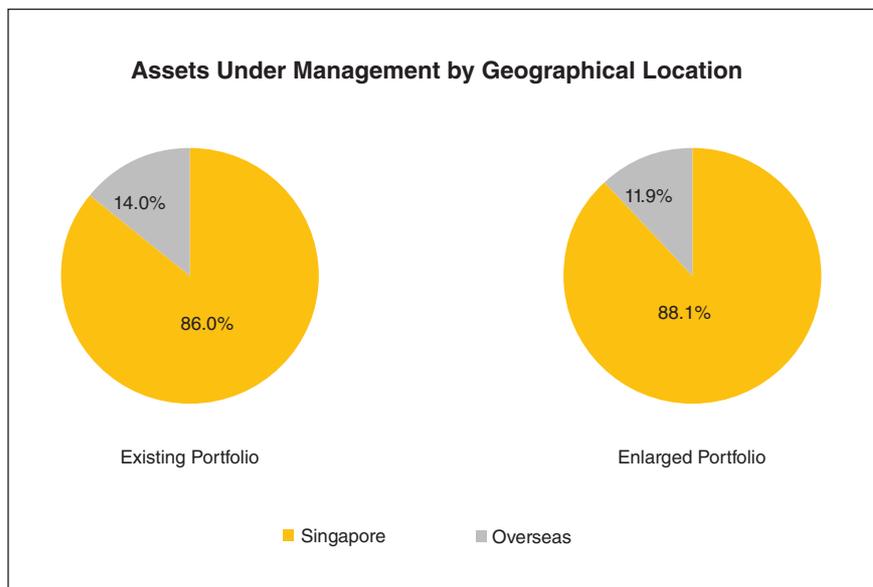
4.2 Stable Income with Growth Potential

Given MBFC Tower 3's prime location, high-end specifications, well-established tenant base and excellent connectivity, the Manager believes that the Acquisition will further enhance income diversification and provide long-term sustainable growth for Unitholders.

The Vendor will also provide Keppel REIT with Rental Support for up to an aggregate of approximately S\$49.2 million for a period of five years from Completion. This will provide income stability for the vacant space and lower-than-market tenancies at MBFC Tower 3.

The income from the committed leases, in addition to the Rental Support, will provide a level of income equivalent to an estimated average gross rental rate of between S\$10.40 psf per month to S\$10.80 psf per month. The average passing gross rental rate of MBFC Tower 3 is currently approximately S\$9.00 psf per month.

Post-Completion of the Acquisition, the proportion of Keppel REIT's properties in Singapore to its entire portfolio (by AUM) will be 88.1%. The Manager believes that the Acquisition will allow Unitholders to participate in the growth potential of Singapore's premium grade office market.



4.3 Enhancing Keppel REIT's Overall Portfolio for Growth

4.3.1 Strengthening Foothold in the Raffles Place and Marina Bay Financial Precincts

In recent years, the epicentre of prime commercial real estate in Singapore has gradually shifted towards the Raffles Place and Marina Bay districts as newer offices with higher building specifications are developed in these areas. With the ongoing development of the Marina Bay area as well as the Singapore Government's continued efforts to position Singapore as the Asian financial gateway, the Manager expects the vibrant Marina Bay area to grow further in prominence and importance.

The Manager believes that the addition of MBFC Tower 3 to Keppel REIT's portfolio will further strengthen its presence and position as the leading landlord of premium Grade A buildings in Singapore's business and financial district. The Acquisition will also allow Keppel REIT to capitalise on and benefit from the growth opportunities arising from the continued development of the Marina Bay area.

Post-Completion of the Acquisition, the proportion of Keppel REIT's portfolio of properties in Singapore (by AUM) in the Raffles Place and Marina Bay areas will increase to approximately 93.0%.

4.3.2 Enhancing Quality and Improving Average Age of Keppel REIT's Property Portfolio

Post-Completion of the Acquisition, the average age of Keppel REIT's property portfolio (by NLA) will improve to approximately 5.5 years.

This will position Keppel REIT as the REIT with the youngest portfolio of premium Grade A office assets in Singapore's Raffles Place and Marina Bay precincts. With a young portfolio, extensive asset enhancement initiatives or large capital expenditure would be unlikely.

4.4 Consistent with Keppel REIT's Proactive Investment and Portfolio Optimisation Strategy

The Manager believes in adopting a proactive acquisition, portfolio optimisation and renewal strategy to constantly upgrade the portfolio's asset quality as well as maintain its market competitiveness.

On 26 September 2014, Keppel REIT divested its 92.8% interest in the 16-year-old Prudential Tower for S\$512.0 million, which is 4.5% above the last valuation and a 46.7% premium over Keppel REIT's original purchase price¹. The Manager intends to use part of the proceeds from the Prudential Tower Divestment to fund the Acquisition, thereby allowing Unitholders to enjoy an upgrade in Keppel REIT's portfolio asset quality and increased exposure to the premium Grade A office sector whilst minimising the amount of equity fund raising needed for the Acquisition.

The Prudential Tower Divestment and the Acquisition will provide income resilience and sustainability to Unitholders.

4.5 Enhanced Quality of Tenant Base and Improved Lease Profile

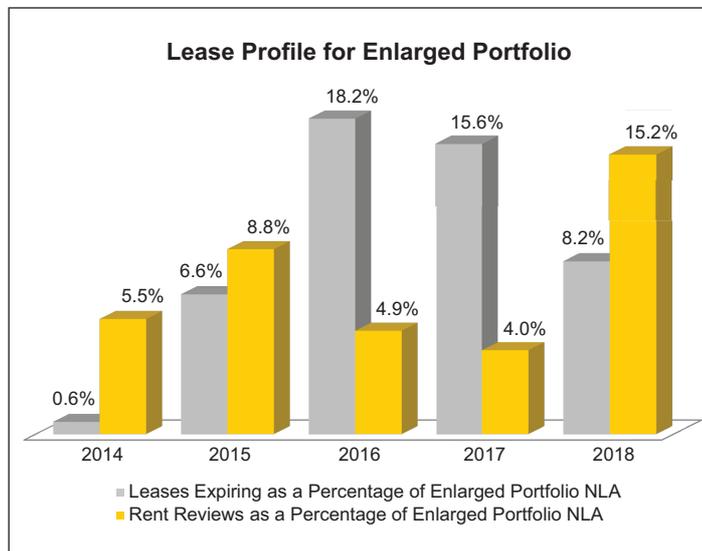
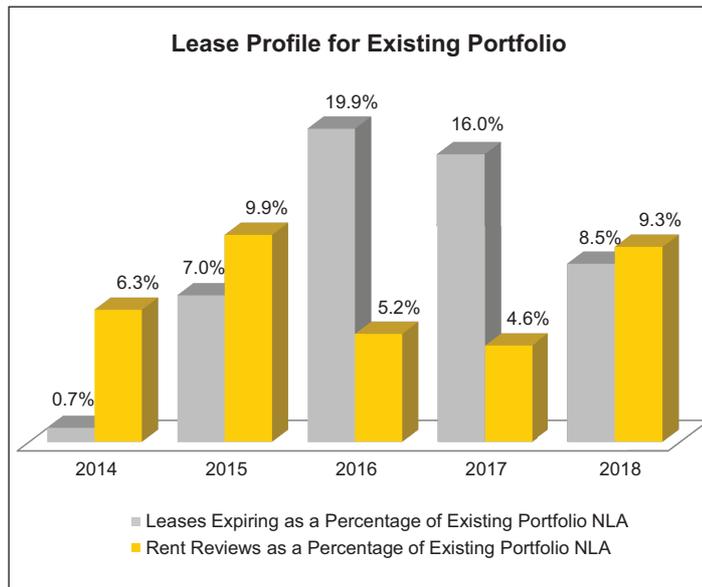
The Acquisition is expected to improve the quality of Keppel REIT's tenant base with the addition of major tenants, both from the financial and non-financial sectors. The total number of tenants in the portfolio post-Completion of the Acquisition, will increase from 225 to 271, providing greater diversification of income streams to Keppel REIT.

The WALE (by NLA) for MBFC Tower 3 stands at 7.0 years. This will allow Unitholders to enjoy income stability from the Acquisition and also a potential increase in income during the rent reviews of the leases at MBFC Tower 3.

Post-Completion of the Acquisition, the WALE (by NLA) for the top 10 tenants is expected to lengthen to 9.2 years². In addition, Keppel REIT's portfolio WALE (by NLA) is also expected to lengthen to 6.4 years², with not more than 18.2% of the Enlarged Portfolio (by NLA) expiring in any one year till year 2018.

¹ The valuation of the property as at 28 April 2014 was S\$490.0 million and Keppel REIT's original purchase price of the property was S\$349.1 million.

² Excluding the new office tower being built on the site of the Old Treasury Building, the WALE (by NLA) for the top 10 tenants is expected to be 6.9 years and the WALE (by NLA) for the portfolio is expected to be 5.4 years.



4.6 Rationale for the Issuance of Consideration Units

The issuance of Consideration Units will align the interests of Keppel Land with that of Keppel REIT and its Unitholders, as the Vendor is a wholly-owned subsidiary of Keppel Land and Keppel Land is a controlling Unitholder of Keppel REIT. This also demonstrates Keppel Land's commitment to support Keppel REIT's growth strategy.

The issuance of Consideration Units will also result in Keppel REIT raising less equity from the market in the Placement.

As the part payment to Vendor in the form of Units will only be issued on Completion Date, there will be no impact on the DPU for the period from the date of the Share Purchase Agreement to the date of issuance of the Consideration Units.

5. DETAILS AND FINANCIAL INFORMATION OF THE ACQUISITION

5.1 Pro Forma Financial Effects of the Acquisition

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Acquisition on the DPU, net asset value (“NAV”) per Unit and capitalisation presented below are strictly for illustrative purposes and were prepared based on the audited financial statements of Keppel REIT for the financial year ended 31 December 2013 (the “**Keppel REIT Audited Financial Statements**”) as well as the following assumptions:

- (i) S\$185.0 million of the Purchase Consideration is payable to the Vendor (or the Vendor Nominee) via the issuance of the Consideration Units;
- (ii) net proceeds of approximately S\$224.6 million from the placement of 195,000,000 new Units to part-finance the Acquisition;
- (iii) approximately S\$185.2 million from the proceeds of the Prudential Tower Divestment to part-finance the Acquisition;
- (iv) bank borrowings of approximately S\$120.7 million to part-finance the Acquisition; and
- (v) approximately S\$12.0 million of the Acquisition Fee, payable to the Manager fully in Units.

5.1.1 Pro Forma DPU

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Acquisition on Keppel REIT’s DPU for the financial year ended 31 December 2013 (“**FY2013**”), as if the Prudential Tower Divestment and the Acquisition were completed on 1 January 2013, and Keppel REIT held and operated the MBFC Tower 3 Interest through to 31 December 2013 are as follows:

	Effects of the Acquisition		
	Before the Prudential Tower Divestment and the Acquisition	After the Prudential Tower Divestment and Before the Acquisition	After the Prudential Tower Divestment and After the Acquisition
Net Profit before Tax (S\$'000)	551,702	560,325 ⁽¹⁾	572,998 ⁽²⁾
Distributable Income (S\$'000)	214,043	216,372 ⁽³⁾	243,148 ⁽⁴⁾
Issued Units ('000)	2,787,682 ⁽⁵⁾	2,981,524 ⁽⁶⁾	3,154,560 ⁽⁷⁾
DPU (cents)	7.88	7.56	7.89

Notes:

- (1) Includes the repayment of S\$250.0 million borrowings with the proceeds from the Prudential Tower Divestment.
- (2) Includes Keppel REIT’s one-third share of the net profit of CBDPL, based on its unaudited financial statements for FY2013, the assumed rental support payment of S\$19.6 million to achieve the expected contribution from MBFC Tower 3 Interest in FY2015, and deducting additional borrowing costs, Manager’s management fees, amortisation expense and trust expenses in connection with the Acquisition.

- (3) Includes net tax adjustments relating to non-taxable/deductible income/expenses relating to the portion of the Manager's management fees which are payable in the form of Units, straight-lining of rental escalation, amortisation expenses, Trustee fees and other expenses, adjustment to include capital distribution of S\$12.0 million, dividend income received from One Raffles Quay Pte Ltd ("ORQPL"), and distribution income received from BFC Development LLP ("BFCDLLP").
- (4) Includes net tax adjustments relating to non-taxable/deductible income/expenses relating to the portion of the Manager's management fees which are payable in the form of Units, straight-lining of rental escalation, amortisation expenses, Trustee fees and other expenses, adjustment to include capital distribution of S\$12.0 million, dividend income received from ORQPL and CBDPL, and distribution income received from BFCDLLP.
- (5) Number of Units issued as at 31 December 2013.
- (6) Includes the placement of 195,000,000 new Units and excludes approximately 1,158,000 Units (based on actual number of Units issued for FY2013) issued to the Manager as payment of the management fees in relation to Prudential Tower.
- (7) Includes approximately 158,120,000 Consideration Units issuable to the Vendor (or the Vendor Nominee) and approximately 10,246,000 new Units (at an illustrative issue price of S\$1.17 per Unit) issuable as payment of the Acquisition Fee, and approximately 4,670,000 new Units issuable to the Manager as payment of the management fees in relation to MBFC Tower 3.

5.1.2 Pro Forma NAV

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Acquisition on the NAV per Unit as at 31 December 2013, as if the Prudential Tower Divestment and the Acquisition were completed on 31 December 2013, are as follows:

	Effects of the Acquisition		
	Before the Prudential Tower Divestment and the Acquisition	After the Prudential Tower Divestment and Before the Acquisition	After the Prudential Tower Divestment and After the Acquisition
NAV (S\$'000) ⁽¹⁾	3,842,076	4,081,916	4,278,904
Issued Units ('000)	2,787,682 ⁽²⁾	2,982,682 ⁽³⁾	3,151,048 ⁽⁴⁾
NAV per Unit (S\$)	1.38	1.37	1.36

Notes:

- (1) Adjusted for the distribution paid on 28 February 2014 for the period from 1 October 2013 to 31 December 2013.
- (2) Number of Units issued as at 31 December 2013.
- (3) Includes the placement of 195,000,000 new Units.
- (4) Includes approximately 158,120,000 Consideration Units issuable to the Vendor (or the Vendor Nominee) and approximately 10,246,000 new Units (at an illustrative issue price of S\$1.17 per Unit) issuable as payment of the Acquisition Fee.

5.1.3 Pro Forma Capitalisation

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma capitalisation of Keppel REIT as at 31 December 2013, as if Keppel REIT had completed the Prudential Tower Divestment and the Acquisition on 31 December 2013, are as follows:

	Before the Prudential Tower Divestment and the Acquisition	After the Prudential Tower Divestment and Before the Acquisition	After the Prudential Tower Divestment and After the Acquisition
	(\$'000)	(\$'000)	(\$'000)
Short-term debt:			
Secured debt	281,953	281,953	281,953
Total short-term debt	281,953	281,953	281,953
Long-term debt:			
Secured debt	882,642	633,619 ⁽¹⁾	633,619 ⁽¹⁾
Unsecured debt	1,518,263	1,518,263	1,638,963 ⁽²⁾
Total long-term debt	2,400,905	2,151,882⁽¹⁾	2,272,582⁽¹⁾⁽²⁾
Total debt	2,682,858	2,433,835⁽¹⁾	2,554,535⁽¹⁾⁽²⁾
Unitholders' funds ⁽³⁾	3,842,076	4,081,916	4,278,904
Total Capitalisation	6,524,934	6,515,751	6,833,439

Notes:

- (1) Adjusted for the repayment of borrowings of S\$250.0 million net of transaction costs, with the proceeds from the Prudential Tower Divestment.
- (2) Includes bank borrowings of approximately S\$120.7 million to part-finance the Acquisition.
- (3) Adjusted for the distribution paid on 28 February 2014 for the period from 1 October 2013 to 31 December 2013.

5.2 Requirement of Unitholders' Approval

5.2.1 Major Transaction

Chapter 10 of the Listing Manual governs the acquisition or divestment of assets, including options to acquire or dispose of assets, by Keppel REIT. Such transactions are classified into the following categories:

- (a) non-discloseable transactions;
- (b) discloseable transactions;
- (c) major transactions; and
- (d) very substantial acquisitions or reverse takeovers.

A transaction by Keppel REIT may fall into any of the categories set out above depending on the size of the relative figures computed on the following bases of comparison:

- (i) the NAV of the assets to be disposed of, compared with Keppel REIT's NAV;
- (ii) the net profits attributable to the assets acquired, compared with Keppel REIT's net profits;
- (iii) the aggregate value of the consideration given, compared with Keppel REIT's market capitalisation;
- (iv) the number of Units issued by Keppel REIT as consideration for an acquisition, compared with the number of Units previously in issue.

Where any of the relative figures computed on the bases set out above exceeds 20.0%, the transaction is classified as a major transaction. The Listing Manual requires that a major transaction involving Keppel REIT be made conditional upon approval by Unitholders in a general meeting, unless such transaction is in the ordinary course of Keppel REIT's business. However, the approval of Unitholders is not required in the case of an acquisition of profitable assets if only sub-paragraph 5.2.1(ii) exceeds the relevant 20.0% threshold.

5.2.2 Relative Figures computed on the Bases set out in Rule 1006

The relative figures for the Acquisition using the applicable bases of comparison described in sub-paragraph 5.2.1 above are set out in the table below.

Comparison of	Acquisition	Keppel REIT	Relative figure (%)
Profits (S\$ million)	12.8 ⁽¹⁾	82.9 ⁽²⁾	15.4
Consideration against market capitalisation (S\$ million)	710.1 ⁽³⁾	3,425.9 ⁽⁴⁾	20.7
Units issued as consideration against Units previously in issue ('000)	149,495 ⁽⁵⁾	2,806,975 ⁽⁶⁾	5.3

Notes:

- (1) The figure is based on Keppel REIT's one-third share of the unaudited results of CBDPL for the six-month period ended 30 June 2014.
- (2) The figure is based on the unaudited results of Keppel REIT for the six-month period ended 30 June 2014.
- (3) The figure represents the estimated Purchase Consideration. The actual Purchase Consideration for the Acquisition will be determined in the manner as set out in paragraph 2.2 above. In accordance with Rule 1003 of the Listing Manual, where the consideration is in the form of Units, the value of the consideration shall be determined by reference either to the market value of such Units or the net asset value represented by such Units, whichever is higher. For illustrative purposes, based on Keppel REIT's volume weighted average unit price of S\$1.2375 for the 10 days immediately preceding the date of the Share Purchase Agreement and NAV per Unit as at 30 June 2014 of S\$1.40, the aggregate value of the estimated Purchase Consideration would be approximately S\$734.4 million and the relative figure would be approximately 21.4%.
- (4) The figure is based on the weighted average traded price of S\$1.2205 per Unit on SGX-ST as at 17 September 2014, being the day immediately prior to the entry into of the Share Purchase Agreement.
- (5) The figure is based on Keppel REIT's volume weighted average unit price of S\$1.2375 for the 10 days immediately preceding the date of the Share Purchase Agreement.
- (6) Number of Units issued as at 17 September 2014, being the day immediately prior to the entry into of the Share Purchase Agreement.

The Manager is of the view that the Acquisition is in the ordinary course of Keppel REIT's business as the MBFC Tower 3 Interest being acquired is within the investment policy of Keppel REIT and does not change the risk profile of Keppel REIT. As such, the Acquisition should not be subject to Chapter 10 of the Listing Manual notwithstanding that the relative figure exceeds 20.0%. However, as the Acquisition constitutes an "interested person transaction" under Chapter 9 of the Listing Manual and an "interested party transaction" under the Property Funds Appendix, the Acquisition will still be subject to the specific approval of Unitholders.

5.2.3 Interested Person Transaction and Interested Party Transaction

Under Chapter 9 of the Listing Manual, where Keppel REIT proposes to enter into a transaction with an interested person and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000, with the same interested person during the same financial year) is equal to or exceeds 5.0% of Keppel REIT's latest audited NTA, Unitholders' approval is required in respect of the transaction. Based on the Keppel REIT Audited Financial Statements, the NTA of Keppel REIT was S\$3,851.6 million as at 31 December 2013. Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by Keppel REIT with an interested person is, either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S\$100,000) entered into with the same interested person during the current financial year, equal to or in excess of S\$192.6 million, such a transaction would be subject to Unitholders' approval. Given the estimated Purchase Consideration of S\$710.1 million¹ (which is 18.4% of the NTA of Keppel REIT as at 31 December 2013), the value of the Acquisition exceeds the said threshold.

Paragraph 5 of the Property Funds Appendix also imposes a requirement for Unitholders' approval for an interested party transaction by Keppel REIT whose value exceeds 5.0% of Keppel REIT's latest audited NAV. Based on the Keppel REIT Audited Financial Statements, the NAV of Keppel REIT was S\$3,899.0 million as at 31 December 2013. Accordingly, if the value of a transaction which is proposed to be entered into by Keppel REIT with an interested party is equal to or greater than S\$195.0 million, such a transaction would be subject to Unitholders' approval. Given the estimated Purchase Consideration of S\$710.1 million¹ (which is 18.2% of the NAV of Keppel REIT as at 31 December 2013), the value of the Acquisition exceeds the said threshold.

As at the Latest Practicable Date, Keppel Land holds, through KRIPL, an aggregate interest in 1,267,691,054 Units², which is equivalent to approximately 42.14% of the total number of Units in issue, and is therefore regarded as a "controlling Unitholder" of Keppel REIT under both the Listing Manual and the Property Funds Appendix. In addition, as the Manager is a wholly-owned subsidiary of Keppel Land, Keppel Land is therefore regarded as a "controlling shareholder" of the Manager under both the Listing Manual and the Property Funds Appendix. KCL is also regarded as a "controlling Unitholder" under both the Listing Manual and the Property Funds

¹ The actual amount of the Purchase Consideration payable to the Vendor will only be determined after the Completion Date.

² On 30 October 2014, the 3Q Management Fee Units had been issued to the Manager as part payment of the management fee for Keppel REIT's financial quarter ended 30 September 2014. It should be noted that the Register of Unitholdings would not at the Latest Practicable Date reflect this issuance of 3Q Management Fee Units. However, for good corporate governance, the unitholdings of Keppel Land and KCL in this Circular reflect this issuance of 3Q Management Fee Units.

Appendix. As of the Latest Practicable Date, through KREIPL and KRIPL, KCL has a deemed interest in 1,273,440,608 Units¹, which comprises approximately 42.33% of the total number of Units in issue.

As the Vendor is a wholly-owned subsidiary of Keppel Land, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, the Vendor (being a subsidiary of a “controlling Unitholder” and a “controlling shareholder” of the Manager) is (for the purposes of the Listing Manual) an “interested person” and (for the purposes of the Property Funds Appendix) an “interested party” of Keppel REIT.

Therefore, the Acquisition will constitute an “interested person transaction” under Chapter 9 of the Listing Manual as well as an “interested party transaction” under the Property Funds Appendix, in respect of which the approval of Unitholders is required.

Details of the interested person transactions entered into between (1) Keppel REIT and (2) KCL, Keppel Land and their subsidiaries and associates, during the course of the current financial year up to the Latest Practicable Date (“**Existing Interested Person Transactions**”), which are the subject of aggregation pursuant to Rule 906 of the Listing Manual, may be found in **Appendix D** of this Circular.

5.3 Advice of the Independent Financial Adviser

The Manager has appointed the IFA to advise the Independent Directors and the Audit and Risk Committee in relation to the Acquisition. A copy of the IFA Letter, containing its advice in full, is set out in **Appendix C** of this Circular and Unitholders are advised to read the IFA Letter carefully.

Having considered the factors and the assumptions set out in the IFA Letter, and subject to the qualifications set out therein, the IFA is of the opinion that the Acquisition is based on normal commercial terms and is not prejudicial to the interests of Keppel REIT and its minority Unitholders.

The IFA is of the opinion that the Independent Directors can recommend that Unitholders vote in favour of the resolution in connection with the Acquisition to be proposed at the EGM.

5.4 Interests of Directors and Substantial Unitholders

As at the Latest Practicable Date, certain directors of the Manager collectively hold an aggregate direct and indirect interest in 3,201,833 Units. Further details of the interests in Units of Directors and Substantial Unitholders² are set below.

Dr Chin Wei-Li, Audrey Marie is the Chairman and a Non-Executive Independent Director of the Manager. Ms Ng Hsueh Ling is the Chief Executive Officer and an Executive Director of the Manager. Mr Tan Chin Hwee is a Non-Executive Independent Director of the Manager. Mr Lor Bak Liang is a Non-Executive Independent Director of the Manager. Mr Ang Wee Gee is

¹ On 30 October 2014, the 3Q Management Fee Units had been issued to the Manager as part payment of the management fee for Keppel REIT’s financial quarter ended 30 September 2014. It should be noted that the Register of Unitholdings would not at the Latest Practicable Date reflect this issuance of 3Q Management Fee Units. However, for good corporate governance, the unitholdings of Keppel Land and KCL in this Circular reflect this issuance of 3Q Management Fee Units.

² “**Substantial Unitholders**” refers to a person with an interest in Units constituting not less than 5.0% of all Units in issue.

a Non-Executive Director of the Manager and the Chief Executive Officer and Executive Director of Keppel Land. Mr Lim Kei Hin is a Non-Executive Director of the Manager and the Chief Financial Officer of Keppel Land.

Based on the Register of Directors' Unitholdings maintained by the Manager and save as disclosed in the table below, none of the Directors currently holds a direct or deemed interest in the Units as at the Latest Practicable Date:

Name of Directors	Direct Interest		Deemed Interest		Total No. of Units held	%(¹)	Contingent Awards of Units	
	No. of Units	%(¹)	No. of Units	%(¹)			Performance Unit Plan ("PUP")	Restricted Unit Plan ("RUP")
Chin Wei-Li, Audrey Marie	555,000	0.02	832,500	0.03	1,387,500	0.05	–	–
Ng Hsueh Ling	402,133	0.01	–	–	402,133	0.01	710,566 ⁽²⁾	120,976 ⁽³⁾ 150,000 ⁽⁴⁾
Tan Chin Hwee	–	–	370,000	0.01	370,000	0.01	–	–
Lee Chiang Huat	–	–	–	–	–	–	–	–
Daniel Chan Choong Seng	–	–	–	–	–	–	–	–
Lor Bak Liang	100,000	n.m ⁽⁵⁾	–	–	100,000	n.m ⁽⁵⁾	–	–
Ang Wee Gee	685,200	0.02	–	–	685,200	0.02	–	–
Tan Cheng Han	–	–	–	–	–	–	–	–
Lim Kei Hin	127,000	n.m ⁽⁵⁾	130,000	n.m ⁽⁵⁾	257,000	0.01	–	–

Notes:

- (1) The percentage is based on 3,008,357,501 Units in issue as at Latest Practicable Date which includes the 3Q Management Fee Units issued to the Manager as part payment of the management fee for Keppel REIT's financial quarter ended 30 September 2014. It should be noted that the Register of Unitholdings would not at the Latest Practicable Date reflect this issuance of 3Q Management Fee Units. However, for good corporate governance, the unitholdings of Keppel Land and KCL in this Circular reflect this issuance of 3Q Management Fee Units.
- (2) This refers to the number of Units which are the subject of contingent awards granted but not released under the Manager's PUP as at the Latest Practicable Date. Depending on the achievement of pre-determined performance targets, the actual number of performance Units released could range from zero to 150% for the number stated.
- (3) This refers to the number of Units that have been released but not vested under the Manager's RUP as at the Latest Practicable Date.
- (4) This refers to the number of Units which are the subject of contingent awards granted but not released under the Manager's RUP as at the Latest Practicable Date. The release of the Units under the Manager's RUP is subject to certain performance conditions (if any) being met and other terms and conditions.
- (5) Not meaningful.

The table below sets out the interest in Keppel Land shares which are held by the Directors.

Name of Directors	Direct Interest		Deemed Interest		Total No. of Shares held	%(1)	No. of Outstanding Share Options	Contingent Award of Keppel Land Shares	
	No. of Keppel Land Shares	%(1)	No. of Keppel Land Shares	%(1)				Keppel Land Performance Share Plan ("KLL PSP")	Keppel Land Restricted Share Plan ("KLL RSP")
Chin Wei-Li, Audrey Marie	-	-	-	-	-	-	-	-	-
Ng Hsueh Ling	-	-	-	-	-	-	28,000	-	-
Tan Chin Hwee	-	-	-	-	-	-	-	-	-
Lee Chiang Huat	-	-	-	-	-	-	-	-	-
Daniel Chan Choong Seng	-	-	-	-	-	-	-	-	-
Lor Bak Liang	-	-	-	-	-	-	-	-	-
Ang Wee Gee	1,551,466	0.10	-	-	1,551,466	0.10	390,504	480,000 ⁽²⁾	51,400 ⁽³⁾ 70,000 ⁽⁴⁾
Tan Cheng Han	-	-	-	-	-	-	-	-	-
Lim Kei Hin	324,570	0.02	10,000	n.m. ⁽⁵⁾	334,570	0.02	63,939	230,000 ⁽²⁾	33,300 ⁽³⁾ 35,000 ⁽⁴⁾

Notes:

- (1) The percentage is based on 1,545,282,668 issued shares (excluding treasury shares of 630,500) of Keppel Land as at the Latest Practicable Date.
- (2) This refers to the number of Keppel Land shares which are the subject of contingent awards granted but not released under the KLL PSP as at the Latest Practicable Date. Depending on the achievement of pre-determined performance targets, the actual number of performance shares released could range from zero to a maximum of 150% for the number stated.
- (3) This refers to the number of Keppel Land shares that have been released but not vested under the KLL RSP as at the Latest Practicable Date.
- (4) This refers to the number of Keppel Land shares which are the subject of contingent awards granted but not released under the KLL RSP as at the Latest Practicable Date. The release of the Keppel Land shares under the KLL RSP is subject to certain performance conditions (if any) being met and other terms and conditions.
- (5) Not meaningful.

Based on the Register of Substantial Unitholders' Unitholdings maintained by the Manager, the Substantial Unitholders of Keppel REIT and their interests in the Units as at the Latest Practicable Date are as follows:

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total No. of Units held	%(¹)
	No. of Units	%(¹)	No. of Units	%(¹)		
Temasek Holdings (Private) Limited ⁽²⁾	–	–	1,308,660,142	43.50	1,308,660,142	43.50
KCL ⁽³⁾	–	–	1,273,440,608	42.33	1,273,440,608	42.33
Keppel Land ⁽⁴⁾	–	–	1,267,691,054	42.14	1,267,691,054	42.14
KRIPL	1,267,691,054	42.14	–	–	1,267,691,054	42.14

Notes:

- (1) The percentage is based on 3,008,357,501 Units in issue as at Latest Practicable Date which includes the 3Q Management Fee Units issued to the Manager as part payment of the management fee for Keppel REIT's financial quarter ended 30 September 2014. It should be noted that the Register of Unitholdings would not at the Latest Practicable Date reflect this issuance of 3Q Management Fee Units. However, for good corporate governance, the unitholdings of Keppel Land and KCL in this Circular reflect this issuance of 3Q Management Fee Units.
- (2) Temasek Holdings (Private) Limited is deemed to have an interest in the Units in which its associated companies, namely KCL and DBS Group, have interests.
- (3) KCL's deemed interest arises from its shareholdings in KREIPL, a wholly-owned subsidiary of KCL, and KRIPL, a wholly-owned subsidiary of Keppel Land. Keppel Land is in turn a subsidiary of KCL.
- (4) Keppel Land's deemed interest arises from its shareholding in KRIPL, a wholly-owned subsidiary of Keppel Land.

Save as disclosed above and based on information available to the Manager as at the Latest Practicable Date, none of the Directors or the Substantial Unitholders have an interest, direct or indirect, in the Acquisition.

5.5 Directors' Service Contracts

No person is proposed to be appointed as a director of the Manager in connection with the Acquisition or any other transactions contemplated in relation to the Acquisition.

6. THE PROPOSED WHITEWASH RESOLUTION

6.1 Rule 14 of the Code

The Manager proposes to seek approval from the Independent Unitholders for a waiver of their right to receive a mandatory offer from Keppel Land and parties acting in concert with it, in the event that they incur an obligation to make a Mandatory Offer as a result of:

- (i) the receipt by the Vendor (or the Vendor Nominee) of the Consideration Units as partial consideration for the Acquisition; and
- (ii) the receipt by the Manager in its own capacity of the Acquisition Fee Units.

Upon the occurrence of the events set out in sub-paragraphs 6.1(i) and (ii) above, Keppel Land and parties acting in concert may possibly end up acquiring additional Units which exceeds the threshold pursuant to Rule 14.1(b) of the Code.

Rule 14.1(b) of the Code states that Keppel Land and parties acting in concert with it would be required to make a Mandatory Offer, if Keppel Land and parties acting in concert with it, hold not less than 30.0% but not more than 50.0% of the voting rights of Keppel REIT and Keppel Land, or any person acting in concert with it, acquires in any period of six months additional Units which carry more than 1.0% of the voting rights of Keppel REIT.

Unless waived by the SIC, pursuant to Rule 14.1(b) of the Code, Keppel Land and parties acting in concert with it would then be required to make a Mandatory Offer. The SIC has granted this waiver on 29 October 2014 subject to, *inter alia*, Resolution 3 (the proposed Whitewash Resolution) being approved by Independent Unitholders at an EGM.

To the best of the knowledge of the Manager and the Vendor, Keppel Land and parties acting in concert with it hold, in aggregate, 1,275,858,962 Units representing 42.50% of the voting rights of Keppel REIT as at the Latest Practicable Date.

The maximum possible increase in the unitholdings of Keppel Land and parties acting in concert with it would occur in the scenario where (i) the Vendor (or the Vendor Nominee) receives Consideration Units and (ii) the Manager receives its full entitlement to the Acquisition Fee in Units. Based on an illustrative issue price of S\$1.17 per Consideration Unit and per Acquisition Fee Unit, the aggregated unitholdings of Keppel Land and parties acting in concert with it immediately after the issue of the Consideration Units and the Acquisition Fee Units will be 45.66%.

The following table sets out the respective unitholdings of Keppel Land and parties acting in concert with it if (i) the Vendor receives approximately 158,120,000 Consideration Units (based on an illustrative issue price of S\$1.17 per Consideration Unit), (ii) the Manager receives approximately 10,246,000 Acquisition Fee Units (based on an illustrative issue price of S\$1.17 per Unit) and (iii) the receipt of the 6,382,555 3Q Management Fee Units by the Manager issued on 30 October 2014.

	Before the Acquisition ⁽¹⁾	Immediately after the Acquisition and the issuance of the Consideration Units and the Acquisition Fee Units ⁽²⁾
Issued Units	3,001,974,946	3,176,723,655
Number of Units held by Keppel Land and parties acting in concert with it	1,275,858,962	1,450,607,671
Number of Units held by Unitholders, other than Keppel Land and parties acting in concert with it	1,726,115,984	1,726,115,984
% of issued Units held by Keppel Land and parties acting in concert with it	42.50%	45.66%
% of issued Units held by Unitholders, other than Keppel Land and parties acting in concert with it	57.50%	54.34%

Notes:

- (1) Based on the number of Units in issue as at the date of entry into the Share Purchase Agreement and as adjusted to include the new Units issued in the Placement.
- (2) Includes the 6,382,555 3Q Management Fee Units issued to the Manager on 30 October 2014 as part payment of the management fee for Keppel REIT's financial quarter ended 30 September 2014.

6.2 Application for Waiver from Rule 14 of the Code

An application was made to the SIC on 3 October 2014 for the waiver of the obligation of Keppel Land and parties acting in concert with it to make a Mandatory Offer under Rule 14 of the Code should the obligation to do so arise as a result of the issuance of the Consideration Units and/or the Acquisition Fee Units. The SIC granted the SIC Waiver on 29 October 2014, subject to, *inter alia*, the satisfaction of the following conditions:

- (i) a majority of Unitholders present and voting at a general meeting, held before the issuance of the Consideration Units and the Acquisition Fee Units, approve by way of a poll, the Whitewash Resolution to waive their rights to receive a general offer from Keppel Land and parties acting in concert with it;
- (ii) the Whitewash Resolution is separate from other resolutions;
- (iii) Keppel Land, parties acting in concert with it and parties not independent of it abstain from voting on the Whitewash Resolution;
- (iv) Keppel Land and parties acting in concert with it did not acquire or are not to acquire any Units or instruments convertible into and options in respect of Units (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Units which have been disclosed in this Circular):
 - (a) during the period between the announcement of the Acquisition and the date Unitholders' approval is obtained for the Whitewash Resolution; and
 - (b) in the six months prior to the announcement of the Acquisition, but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Manager in relation to the Acquisition;
- (v) Keppel REIT appoints an independent financial adviser to advise the Independent Unitholders on the Whitewash Resolution;
- (vi) Keppel REIT sets out clearly in this Circular:
 - (a) details of the Acquisition;
 - (b) the dilution effect of issuing the Consideration Units and the Acquisition Fee Units to existing Unitholders;
 - (c) the number and percentage of Units as well as the number of instruments convertible into, rights to subscribe for and options in respect of Units (if applicable) held by Keppel Land and parties acting in concert with it as at the Latest Practicable Date;
 - (d) the number and percentage of Units to be issued to the Vendor and the Manager as a result of the Acquisition; and
 - (e) that Unitholders, by voting for the Whitewash Resolution, are waiving their rights to a general offer from the Vendor at the highest price paid by Keppel Land and parties acting in concert with it for Units in the six months preceding the commencement of the Acquisition;

- (vii) this Circular states that the waiver granted by SIC to Keppel Land and parties acting in concert with it from the requirement to make a general offer under Rule 14 of the Code is subject to the conditions set out in sub-paragraphs 6.2(i) to 6.2(vi) above;
- (viii) Keppel Land obtains SIC's approval in advance for the paragraphs of this Circular that refer to the Whitewash Resolution; and
- (ix) to rely on the Whitewash Resolution, the issuance of the Consideration Units and the Acquisition Fee Units must be completed within three months of the date of approval of the Whitewash Resolution.

Independent Unitholders should note that by voting for the Whitewash Resolution, they are waiving their rights to receive a Mandatory Offer from Keppel Land and parties acting in concert with it at the highest price paid or agreed to be paid by Keppel Land and parties acting in concert with it for Units in the six months preceding:

- (i) the receipt by the Vendor (or the Vendor Nominee) of the Consideration Units as partial consideration for the Acquisition; and**
- (ii) the receipt by the Manager in its own capacity of the Acquisition Fee Units.**

6.3 Rationale for the Whitewash Resolution

The Whitewash Resolution is to enable the Vendor to receive the Consideration Units as partial consideration for the Acquisition and the Manager to receive (in its own capacity) the Acquisition Fee Units. The rationale for the Vendor to receive the Consideration Units is set out in paragraph 4.6 of the Letter to Unitholders.

6.4 Advice of the Independent Financial Adviser

The Manager has appointed the IFA to advise the Independent Directors and the Audit and Risk Committee in relation to the proposed Whitewash Resolution. A copy of the IFA Letter, containing its advice in full, is set out in **Appendix C** of this Circular and Unitholders are advised to read the IFA Letter carefully.

Having considered the factors and the assumptions set out in the IFA Letter, and subject to the qualifications set out therein, the IFA is of the opinion that the Whitewash Resolution is fair and reasonable and not prejudicial to the interests of Keppel REIT's Independent Unitholders.

The IFA is of the opinion that the Independent Directors can recommend that Unitholders vote in favour of the Whitewash Resolution to be proposed at the EGM.

7. RECOMMENDATIONS

7.1 On the Proposed Acquisition

Based on the opinion of the IFA (as set out in the IFA Letter in **Appendix C** of this Circular) and the rationale for the Acquisition as set out in paragraph 4 above, the Independent Directors and the Audit and Risk Committee believe that the Acquisition is based on normal commercial terms and would not be prejudicial to the interests of Keppel REIT and its minority Unitholders.

Accordingly, the Independent Directors and the Audit and Risk Committee recommend that Unitholders vote at the EGM in favour of the resolution to approve the proposed Acquisition.

7.2 On the Proposed Issuance of the Consideration Units

Based on the opinion of the IFA (as set out in the IFA Letter in **Appendix C** of this Circular) and the rationale for the Acquisition as set out in paragraph 4 above, the Independent Directors and the Audit and Risk Committee believe that the issuance of the Consideration Units is based on normal commercial terms and would not be prejudicial to the interests of Keppel REIT and its minority Unitholders.

Accordingly, the Independent Directors and the Audit and Risk Committee recommend that Unitholders vote at the EGM in favour of the resolution to approve the proposed issuance of the Consideration Units.

7.3 On the Proposed Whitewash Resolution

Based on the opinion of the IFA (as set out in the IFA Letter in **Appendix C** of this Circular) and the rationale for the Acquisition as set out in paragraph 4 above, the Independent Directors and the Audit and Risk Committee believe that the Whitewash Resolution would not be prejudicial to the interests of Keppel REIT's Independent Unitholders.

Accordingly, the Independent Directors and the Audit and Risk Committee recommend that Unitholders vote at the EGM in favour of the resolution to approve the proposed Whitewash Resolution.

8. EXTRAORDINARY GENERAL MEETING

The EGM will be held on Monday, 24 November 2014 at 11.00 a.m. at Raffles City Convention Centre, Stamford Ballroom (Level 4), 80 Bras Basah Road, Singapore 189560, for the purpose of considering and, if thought fit, passing with or without modification, the resolutions set out in the Notice of EGM, which is set out on pages E-1 to E-3 of this Circular. The purpose of this Circular is to provide Unitholders with relevant information about the resolutions. Approval by way of an Ordinary Resolution is required in respect of the Acquisition, the issuance of the Consideration Units and the Whitewash Resolution.

A Depositor shall not be regarded as a Unitholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have Units entered against his name in the Depository Register, as certified by The Central Depository (Pte) Limited ("**CDP**") as at 48 hours before the time fixed for the EGM.

Unitholders should note that:

- (i) Resolution 1 (the proposed Acquisition) and Resolution 2 (the proposed issuance of Consideration Units) are subject to and contingent upon each other. In the event that Keppel REIT fails to obtain Unitholders' approval for any of Resolution 1 (the proposed Acquisition) and Resolution 2 (the proposed issuance of Consideration Units), Keppel REIT will not proceed with any of Resolution 1 (the proposed Acquisition) and Resolution 2 (the proposed issuance of Consideration Units); and
- (ii) Resolution 1 (the proposed Acquisition) and Resolution 2 (the proposed issuance of Consideration Units) are subject to and contingent upon Resolution 3 (the proposed Whitewash Resolution) being passed. In the event that Keppel REIT fails to obtain Unitholders' approval for Resolution 3 (the proposed Whitewash Resolution), Keppel REIT will not proceed with any of Resolution 1 (the proposed Acquisition) and Resolution 2 (the proposed issuance of Consideration Units).

9. ABSTENTIONS FROM VOTING

As at the Latest Practicable Date, KCL, through KREIPL and KRIPL, has a deemed interest in 1,273,440,608 Units, which comprises approximately 42.33% of the total number of Units in issue. Temasek Holdings (Private) Limited, through its interests in KCL and DBS Group, has a deemed interest in 1,308,660,142 Units, which comprises approximately 43.50% of the total number of Units in issue¹.

(i) Resolution 1: the Proposed Acquisition

Given that the MBFC Tower 3 Interest will be acquired from a wholly-owned subsidiary of Keppel Land, Temasek Holdings (Private) Limited, KCL and Keppel Land and their associates will abstain from voting on Resolution 1.

For purposes of good corporate governance, as Mr Ang Wee Gee is the Chief Executive Officer and Executive Director of Keppel Land and Mr Lim Kei Hin is the Chief Financial Officer of Keppel Land, they will abstain from voting on the Ordinary Resolution in respect of Units (if any) held by them.

(ii) Resolution 2: the Proposed Issuance of Consideration Units

Given that the Consideration Units will be issued to the Vendor (or the Vendor Nominee), which is a wholly-owned subsidiary of Keppel Land, Temasek Holdings (Private) Limited, KCL and Keppel Land and their associates will abstain from voting on Resolution 2.

For purposes of good corporate governance, as Mr Ang Wee Gee is the Chief Executive Officer and Executive Director of Keppel Land and Mr Lim Kei Hin is the Chief Financial Officer of Keppel Land, they will abstain from voting on the Ordinary Resolution in respect of Units (if any) held by them.

(iii) Resolution 3: the Proposed Whitewash Resolution

Pursuant to the SIC Waiver granted in relation to Resolution 3 (the proposed Whitewash Resolution), Keppel Land, parties acting in concert with it (which includes KCL, KLL and their subsidiaries) and parties not independent of the Vendor are required to abstain from voting on Resolution 3.

10. ACTION TO BE TAKEN BY UNITHOLDERS

Unitholders will find enclosed in this Circular the Notice of EGM and a Proxy Form.

If a Unitholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the enclosed Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Manager's registered office, 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 not later than Saturday, 22 November 2014 at 11.00 a.m., being 48 hours before the time fixed for the EGM. The completion and return of the Proxy Form by a Unitholder will not prevent him from attending and voting in person at the EGM if he so wishes.

¹ On 30 October 2014, the 3Q Management Fee Units had been issued to the Manager as part payment of the management fee for Keppel REIT's financial quarter ended 30 September 2014. It should be noted that the Register of Unitholdings would not at the Latest Practicable Date reflect this issuance of 3Q Management Fee Units. However, for good corporate governance, the unitholdings of Keppel Land and KCL in this Circular reflect this issuance of 3Q Management Fee Units.

Persons who have an interest in the approval of the resolutions must decline to accept appointment as proxies unless the Unitholder concerned has specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of such resolution. If a Unitholder (being an independent Unitholder) wishes to appoint any of the Directors as his/her proxy/proxies for the EGM, he/she should give specific instructions in his/her Proxy Form as to the manner in which his/her vote is to be cast in respect of the resolutions.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Acquisition, the Consideration Units, the Whitewash Resolution, Keppel REIT and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

12. CONSENTS

Each of the IFA (being PricewaterhouseCoopers Corporate Finance Pte Ltd) and the Independent Valuers (being Cushman and Savills) has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and, respectively, the IFA Letter, the valuation certificates and all references thereto, in the form and context in which they are included in this Circular.

13. DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager¹ at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 from the date of this Circular up to and including the date falling three months after the date of this Circular:

- (i) the Share Purchase Agreement;
- (ii) the IFA Letter;
- (iii) the independent valuation report on the MBFC Tower 3 Interest issued by Cushman;
- (iv) the independent valuation report on the MBFC Tower 3 Interest issued by Savills;
- (v) the Keppel REIT Audited Financial Statements; and
- (vi) the written consents of each of the IFA and the Independent Valuers.

¹ Prior appointment with the Manager (telephone: +65 6835 7477) will be appreciated.

The Trust Deed will also be available for inspection at the registered office of the Manager for so long as Keppel REIT is in existence.

Yours faithfully

Keppel REIT Management Limited
(as manager of Keppel REIT)
(Company Registration No. 200411357K)

Dr Chin Wei-Li, Audrey Marie
Chairman and Non-Executive Independent Director

IMPORTANT NOTICE

The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of Keppel REIT is not necessarily indicative of the future performance of Keppel REIT.

This Circular may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.

If you have sold or transferred all your Units, you should immediately forward this Circular, together with the Notice of EGM and the accompanying Proxy Form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

GLOSSARY

In this Circular, the following definitions apply throughout unless otherwise stated:

%	:	Per centum or percentage
275 George Street Interest	:	Keppel REIT's 50.0% interest (as a tenant-in-common) in 275 George Street, Brisbane
3Q Management Fee Units	:	The 6,382,555 Units issued to the Manager as part payment of the management fee for Keppel REIT's financial quarter ended 30 September 2014
77 King Street Property	:	Lots 1, 3, 4 and 5 of 77 King Street, Sydney
8 Chifley Square Interest	:	Keppel REIT's 50.0% interest in 8 Chifley Square, Sydney
8 Exhibition Street Interest	:	Keppel REIT's 50.0% interest (as a tenant-in-common) in 8 Exhibition Street in Melbourne
Acquisition	:	The acquisition of the MBFC Tower 3 Interest through the acquisition of 200 ordinary shares being one-third of the issued share capital of CBDPL
Acquisition Fee	:	The acquisition fee for the Acquisition which the Manager will be entitled to receive from Keppel REIT upon Completion
Acquisition Fee Units	:	The Units payable to the Manager as the Acquisition Fee
Aggregate leverage	:	The ratio of the value of borrowings (inclusive of proportionate share of borrowings of jointly controlled entities) and deferred payments (if any) to the value of the Deposited Property
Agreed Value	:	The agreed value of a one-third interest in MBFC Tower 3 at S\$1,248.0 million
Amended and Restated Project and Asset Management Agreement	:	The amended and restated project and asset management agreement entered into between CBDPL and RQAM dated 19 September 2012
Audit and Risk Committee	:	The audit and risk committee of the Manager
AUM	:	Assets under management
BFCDLLP	:	BFC Development LLP
Board	:	The board of directors of the Manager
CBD	:	Central Business District
CBDPL	:	Central Boulevard Development Pte. Ltd.

CDP	:	The Central Depository (Pte) Limited
Certificate of Statutory Completion	:	The certificate of statutory completion issued by the Building and Construction Authority under the Building Control Act, Chapter 29 of Singapore
Circular	:	This circular to Unitholders dated 31 October 2014
Code	:	The Singapore Code of Take-overs and Mergers
Completion	:	The completion of the Acquisition
Completion Date	:	The date of Completion
Consideration Units	:	The new Units amounting to S\$185.0 million to be issued to the Vendor (or the Vendor Nominee), rounded downwards to the nearest board lot
Cushman	:	Cushman & Wakefield VHS Pte. Ltd.
DBS Bank	:	DBS Bank Ltd.
DBS Group	:	DBS Group Holdings Limited
Deposited Property	:	The gross assets of Keppel REIT, including all its authorised investments held or deemed to be held upon the trust under the Trust Deed
DPU	:	Distribution per Unit
EGM	:	The extraordinary general meeting of Unitholders to be held on Monday, 24 November 2014 at 11.00 a.m. at Raffles City Convention Centre, Stamford Ballroom (Level 4), 80 Bras Basah Road, Singapore 189560, to approve the matters set out in the Notice of Extraordinary General Meeting on pages E-1 to E-3 of this Circular
Enlarged Portfolio	:	The enlarged portfolio of properties held by Keppel REIT, consisting of (i) the Existing Portfolio and (ii) the MBFC Tower 3 Interest
Existing Interested Person Transactions	:	The interested person transactions entered into between (1) Keppel REIT and (2) KCL, Keppel Land and their subsidiaries and associates, during the course of the current financial year up to the Latest Practicable Date

Existing Portfolio	:	The portfolio of properties currently held by Keppel REIT, comprising (i) the OFC Interest, (ii) the MBFC Phase One Interest, (iii) the ORQ Interest, (iv) Bugis Junction Towers, (v) the 8 Chifley Square Interest, (vi) the 77 King Street Property, (vii) the 8 Exhibition Street Interest, (viii) the 275 George Street Interest, and (ix) a 50.0% interest in the new office tower being built on the site of the Old Treasury Building in Perth.
		The Manager has commissioned independent valuations for its Singapore properties as at 31 August 2014. The valuations of the Singapore properties are as set out in Appendix A of this Circular
F&B	:	Food and beverage
FY2013	:	The financial year ended 31 December 2013
Heedum	:	Heedum Pte. Ltd.
Hongkong Land	:	Hongkong Land Holdings Limited
Hongkong Land International	:	Hongkong Land International Holdings Limited
IFA	:	PricewaterhouseCoopers Corporate Finance Pte Ltd
IFA Letter	:	The letter from the IFA to the Independent Directors and the Audit and Risk Committee of the Manager containing its advice as set out in Appendix C of this Circular
Independent Directors	:	The independent directors of the Manager
Independent Valuers	:	Cushman and Savills
Independent Unitholders	:	Unitholders other than Keppel Land, parties acting in concert with Keppel Land and parties which are not independent of Keppel Land
KCL	:	Keppel Corporation Limited
Keppel Land	:	Keppel Land Limited
Keppel REIT Audited Financial Statements	:	The audited financial statements of Keppel REIT for the financial year ended 31 December 2013
KLL PSP	:	Keppel Land performance share plan
KLL RSP	:	Keppel Land restricted share plan
KLP	:	Keppel Land Properties Pte Ltd

KREIPL	:	Keppel Real Estate Investment Pte. Ltd.
KRIPL	:	Keppel REIT Investment Pte. Ltd.
KRPMPL	:	Keppel REIT Property Management Pte. Ltd.
Latest Practicable Date	:	24 October 2014, being the latest practicable date prior to the printing of this Circular
Listing Manual	:	The Listing Manual of the SGX-ST
Manager	:	Keppel REIT Management Limited, in its capacity as manager of Keppel REIT
Mandatory Offer	:	The mandatory offer for the remaining Units not owned or controlled by Keppel Land and parties acting in concert with it
MAS	:	Monetary Authority of Singapore
MBFC Development	:	Marina Bay Financial Centre integrated development, which comprises three office towers; two residential developments, MBR and MBS; and a subterranean retail mall, MBLM
MBFC Phase One	:	MBFC Tower 1, MBFC Tower 2 and MBLM
MBFC Phase One Interest	:	Keppel REIT's one-third interest in MBFC Phase One
MBFC Tower 1	:	Marina Bay Financial Centre Tower 1
MBFC Tower 2	:	Marina Bay Financial Centre Tower 2
MBFC Tower 3	:	Marina Bay Financial Centre Tower 3
MBFC Tower 3 Interest	:	The one-third interest in MBFC Tower 3
MBLM	:	Marina Bay Link Mall, which comprises retail space located on the ground levels of MBFC Tower 1 and MBFC Tower 2, the Ground Plaza including outdoor refreshment areas, and along an underground pedestrian link connecting the MBFC Development to surrounding buildings and the Raffles Place MRT interchange and the Downtown MRT stations
MBR	:	Marina Bay Residences
MBS	:	Marina Bay Suites
MBSPL	:	Marina Bay Suites Pte. Ltd.
Moody's	:	Moody's Investor Services, Inc.
MRT	:	Mass Rapid Transit

NAV	:	Net asset value
NLA	:	Net lettable area
NTA	:	Net tangible asset value
Ordinary Resolution	:	A resolution proposed and passed as such by a majority being greater than 50.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed
OFC Interest	:	Keppel REIT's 99.9% interest in Ocean Financial Centre
ORQ Interest	:	Keppel REIT's one-third interest in One Raffles Quay
ORQPL	:	One Raffles Quay Pte Ltd
Placement	:	The issue of 195,000,000 new Units on 29 September 2014 which raised gross proceeds of S\$228.15 million and net proceeds of approximately S\$224.6 million
Placement Proceeds	:	Net proceeds from the Placement
Property Funds Appendix	:	Appendix 6 of the Code on Collective Investment Schemes issued by the MAS
Prudential Tower Divestment	:	The divestment of Keppel REIT's 92.8% interest in Prudential Tower which was completed on 26 September 2014
psf	:	Per sq ft
PUP	:	The Manager's Performance Unit Plan
Purchase Consideration	:	The estimated purchase consideration of S\$710.1 million ¹ for the Acquisition
REIT	:	Real estate investment trust
Rental Support	:	The rental support provided by the Vendor to Keppel REIT of approximately S\$49.2 million
Restated Shareholders' Agreement	:	The restated shareholders' agreement to be entered into between the Trustee with the other shareholders of CBDPL and their parent entities relating to the governance of their relationship as direct or indirect shareholders of CBDPL and CBDPL's holding and management of MBFC Tower 3 upon Completion
RQAM	:	Raffles Quay Asset Management Pte Ltd

¹ The actual amount of the Purchase Consideration payable to the Vendor will only be determined after the Completion Date.

RUP	:	The Manager's Restricted Unit plan
S\$ and cents	:	Singapore dollars and cents
S&P	:	Standard & Poor's Rating Services
Sageland	:	Sageland Private Limited
Savills	:	Savills Valuation and Professional Services (S) Pte Ltd
SGX-ST	:	Singapore Exchange Securities Trading Limited
Share Purchase Agreement	:	The conditional share purchase agreement for the acquisition of 200 ordinary shares being one-third of the issued share capital of CBDPL, entered into between the Trustee, the Vendor and KLP dated 18 September 2014
Shareholders' Agreement	:	The shareholders' agreement dated 15 July 2013 made between the Vendor, Sageland, Heedum, KLP, Hongkong Land International, DBS Bank and CBDPL (as amended)
SIC	:	The Securities Industry Council
SIC Waiver	:	The waiver granted by the SIC on 29 October 2014
sq ft	:	Square feet
Substantial Unitholder	:	A person with an interest in Units constituting not less than 5.0% of the total number of Units in issue
Total Acquisition Cost	:	The total cost of the Acquisition
Trust Deed	:	The trust deed dated 28 November 2005 constituting Keppel REIT, as supplemented by a first supplemental trust deed dated 2 February 2006, a second supplement trust deed dated 17 March 2006, a third supplement trust deed dated 30 July 2007, a fourth supplemental trust deed dated 17 October 2007, a fifth supplemental trust deed dated 19 January 2009, a sixth supplemental trust deed dated 16 April 2009, and a first amending and restating deed dated 19 April 2010 and a supplemental deed dated 15 October 2012 to the first amending and restating deed, all entered into between the Trustee and the Manager, as amended, varied, or supplemented from time to time
Trustee	:	RBC Investor Services Trust Singapore Limited, in its capacity as trustee of Keppel REIT
Undertaking Deed	:	The undertaking deed to be entered into between the Trustee, the Vendor and KLP to ensure that all rights, benefits, obligations and liabilities relating to MBSPL shall be excluded from the Acquisition

Unit	:	A unit representing an undivided interest in Keppel REIT
Unitholder	:	The registered holder for the time being of a Unit, including person(s) so registered as joint holders, except where the registered holder is CDP, the term “Unitholder” shall, in relation to Units registered in the name of CDP, mean, where the context requires, the Depositor whose Securities Account with CDP is credited with Units
VWAP	:	Volume weighted average price
Vendor	:	Bayfront Development Pte. Ltd.
Vendor Nominee	:	The entity nominated by the Vendor to receive the Consideration Units
WALE	:	Weighted average lease expiry

The terms “Depositor” and “Depository Register” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act, Chapter 50 of Singapore.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding. Where applicable, figures and percentages are rounded to one decimal place.

DETAILS OF MARINA BAY FINANCIAL CENTRE TOWER 3, THE EXISTING PORTFOLIO AND THE ENLARGED PORTFOLIO

1. MARINA BAY FINANCIAL CENTRE TOWER 3

1.1 Description of MBFC Tower 3

Designed by world-renowned New York-based architect Kohn Pedersen Fox Associates, MBFC Tower 3 is a newly completed premium Grade A office building with large column-free and symmetrical floor plates of approximately 30,000 sq ft to 45,000 sq ft which optimise the efficient use of space as well as offer panoramic views of the Marina Bay.

Located in the heart of prime waterfront land in Singapore's financial district, MBFC Tower 3 is a 46-storey commercial building with a total NLA of 1,341,980 sq ft, of which the office component is approximately 1.3 million sq ft and the remaining is ancillary retail space. There are a total of 357 car park lots in the basement levels of the building. Committed occupancy is approximately 94% as at 31 August 2014 and the line-up of tenants includes DBS Bank, WongPartnership, Rio Tinto, Booking.com, McGraw-Hill, Clifford Chance, Mead Johnson, Ashurst, Lego, The Norinchukin Bank, Regus Singapore, Milbank, Tweed, Hadley & McCloy, Fitness First and Bank of Montreal. MBFC Tower 3 received its Temporary Occupation Permit on 21 March 2012 and its Certificate of Statutory Completion on 18 September 2012. MBFC Tower 3 is sited on a land with a lease tenure of 99 years commencing from 8 March 2007 and expiring on 7 March 2106 (with a remaining lease of approximately 92 years).

MBFC Tower 3 is part of the MBFC Development which comprises three office towers; two residential developments, MBR and MBS; and a subterranean retail mall, MBLM. The MBFC Development is connected to the other developments in the Marina Bay precinct and the Raffles Place MRT interchange and the Downtown MRT stations via an underground pedestrian network.

Positioned as Asia's Best Business Address™, the MBFC Development is close to a wide range of Singapore landmarks including the Marina Bay Sands integrated resort, Gardens by the Bay, Esplanade – Theatres on the Bay, international and boutique hotels, luxury residences as well as a range of dining and retail options.

The table below sets out the key information on MBFC Tower 3 as at 31 August 2014 (unless otherwise indicated).

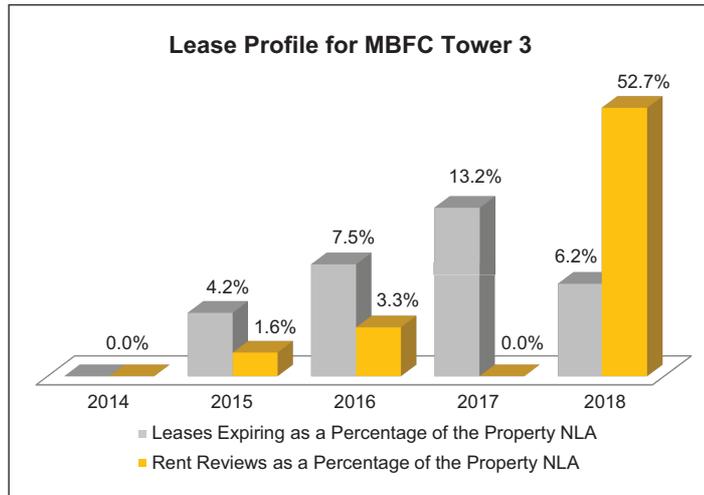
NLA (sq ft)⁽¹⁾	1,341,980
Committed Occupancy (%)	Approximately 94%
Number of Tenants⁽¹⁾	49
Car Park Lots	357
Title	Leasehold estate of 99 years commencing from March 2007
Valuation of the MBFC Tower 3 Interest (S\$ million) as at 18 August 2014	1,281.0 (Cushman) 1,276.0 (Savills)

Note:

(1) Reflects 100.0% interest.

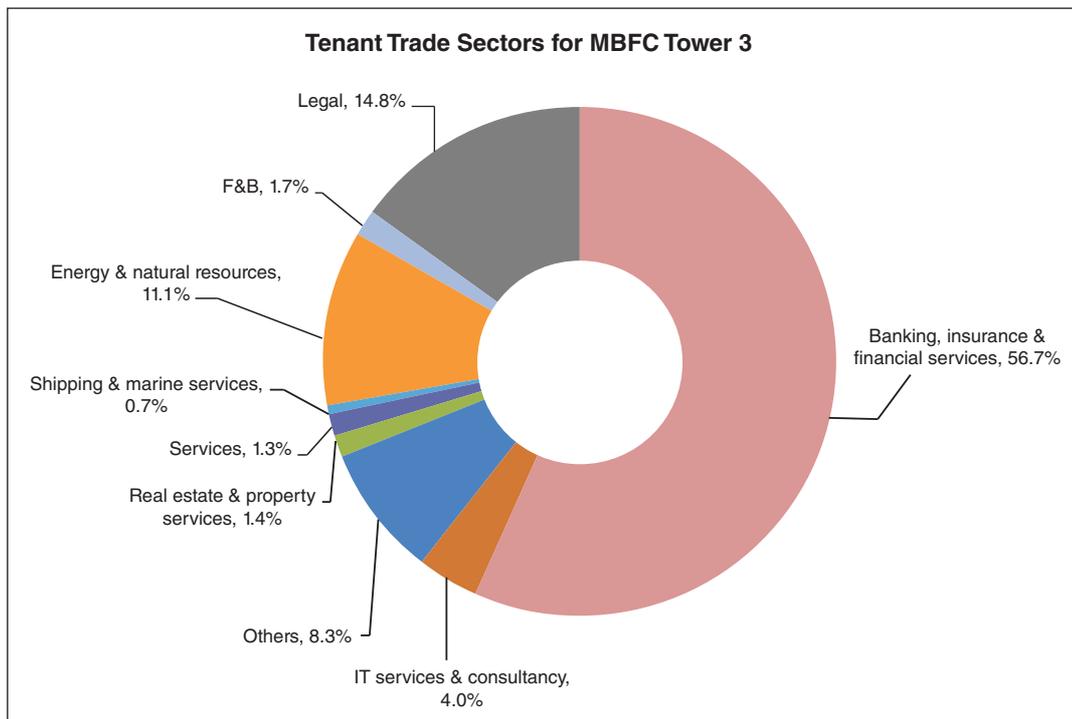
1.2 Lease Profile for MBFC Tower 3

The chart below illustrates the committed lease profile of MBFC Tower 3 by NLA for the period from 2014 to 2018.



1.3 Trade Sector Analysis for MBFC Tower 3

The chart below provides a breakdown of the different trade sectors by committed NLA at MBFC Tower 3.



2. EXISTING PORTFOLIO

The table below sets out the key information on the Existing Portfolio as at 31 August 2014 (unless otherwise indicated).

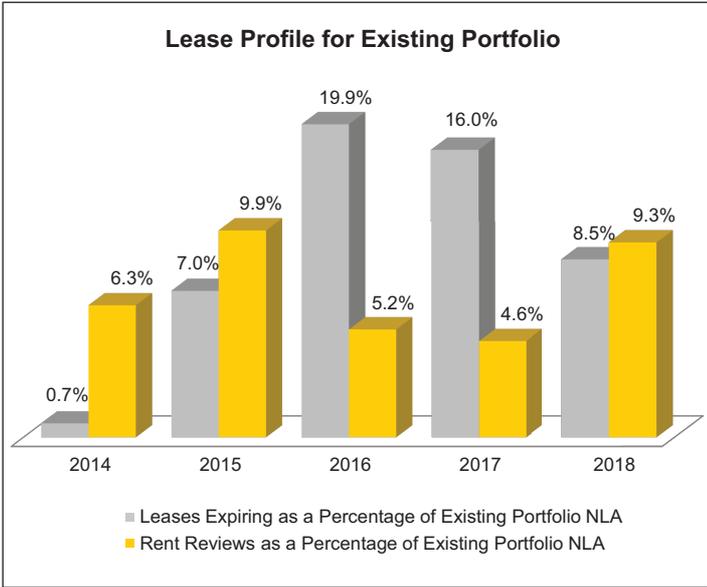
	Attributable NLA (sq ft)	No. of Tenants	Car Park Lots ⁽¹⁾	Title	Valuation ⁽²⁾ (\$ million)	Committed Occupancy ⁽³⁾ (%)
OFC Interest	884,525	48	222	Leasehold estate of 99 years expiring 13 December 2110	2,543.0	99.4
MBFC Phase One Interest	581,392	93	697	Leasehold estate of 99 years expiring 10 October 2104	1,619.0	100.0
ORQ Interest	444,718	36	713	Leasehold estate of 99 years expiring 12 June 2100	1,215.0	100.0
Bugis Junction Towers	244,989	15	648	Leasehold estate of 99 years expiring 9 September 2089	521.9	100.0
8 Chifley Square Interest	104,138	7	36	Leasehold estate of 99 years expiring 5 April 2105	217.3	97.0
77 King Street Property	146,624	12	12	Freehold	146.8	92.0
8 Exhibition Street Interest	241,600	17	–	Freehold	199.4	100.0
275 George Street Interest	224,688	8	244	Freehold	225.4	100.0
Office tower on the Old Treasury Building site ⁽⁴⁾	165,685	1 ⁽⁵⁾	203	Leasehold estate of 99 years ⁽⁶⁾	174.1	98.2

Notes:

- (1) Refers to the total number of car park lots in the buildings, and includes car park lots owned and managed by the respective management corporations.
- (2) The valuations are based on Keppel REIT's interest in the respective properties. Valuations as at 31 August 2014 for the Singapore properties. Valuations as at 31 December 2013 for the Australian properties include progressive payments and capital expenditure incurred up to 31 August 2014, and based on the exchange rate of A\$1.00 = S\$1.174. For the office tower on the Old Treasury Building site in Perth, valuation is on an "as-is" basis.
- (3) Refers to committed occupancy as at 31 August 2014.
- (4) The office tower on the Old Treasury Building site is currently under construction and expected to complete in the second half of 2015.
- (5) Pre-committed lease by the Government of Western Australia.
- (6) The 99-year leasehold tenure will commence on the date of practical completion of the property.

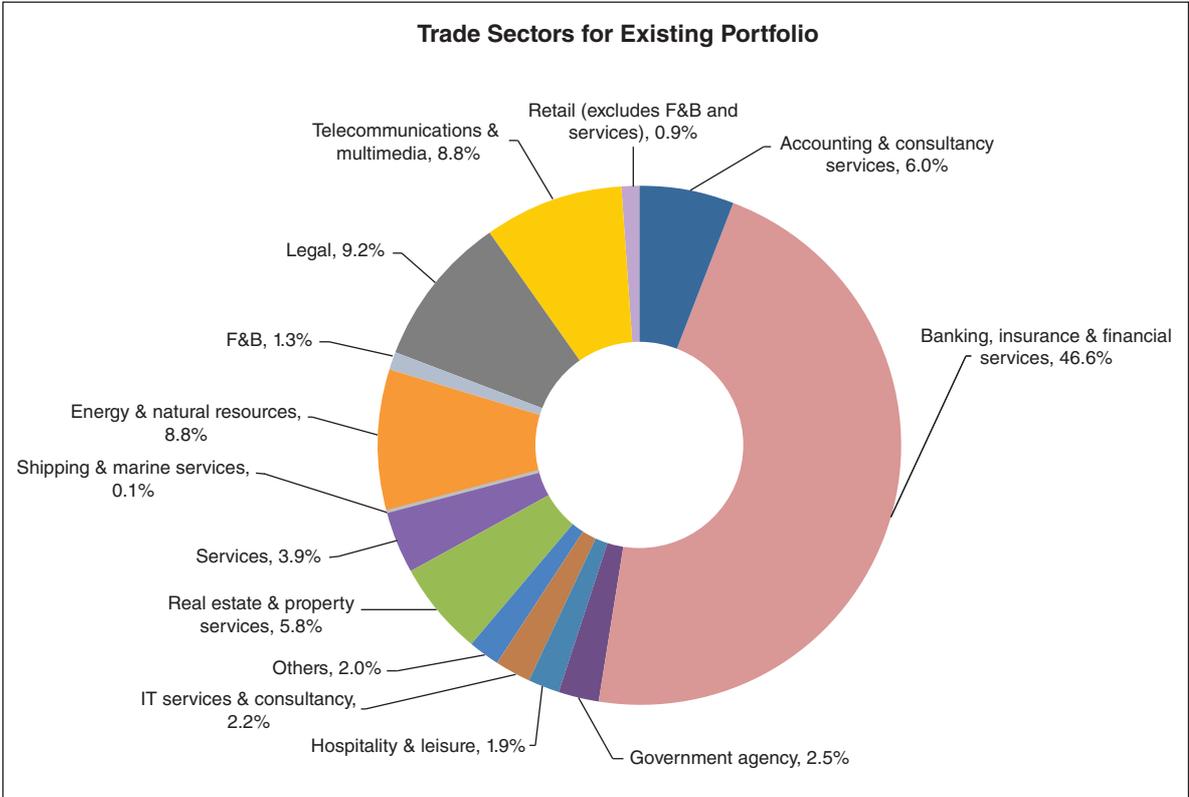
2.1 Lease Profile for the Existing Portfolio

The chart below illustrates the committed lease profile of the Existing Portfolio by NLA for the period from 2014 to 2018.



2.2 Trade Sector Analysis for the Existing Portfolio

The chart below provides a breakdown of the different trade sectors by committed NLA in the Existing Portfolio.



2.3 Top 10 Tenants of the Existing Portfolio

The table below sets out the top 10 tenants (by NLA) of the Existing Portfolio.

Property	Top 10 Tenants	Percentage of Leased NLA
275 George Street Interest	Telstra Corporation	43.7%
MBFC Phase One Interest	Standard Chartered Bank	
MBFC Phase One Interest	Barclays	
MBFC Phase One Interest	BHP Billiton	
OFC Interest	Australia and New Zealand Banking Group	
OFC Interest	Drew & Napier	
OFC Interest	BNP Paribas	
ORQ Interest	Deutsche Bank	
ORQ Interest & 8 Exhibition Street Interest	Ernst & Young	
ORQ Interest & 8 Exhibition Street Interest	UBS	

3. ENLARGED PORTFOLIO

The table below sets out the key information on the Enlarged Portfolio as at 31 August 2014 (unless otherwise indicated).

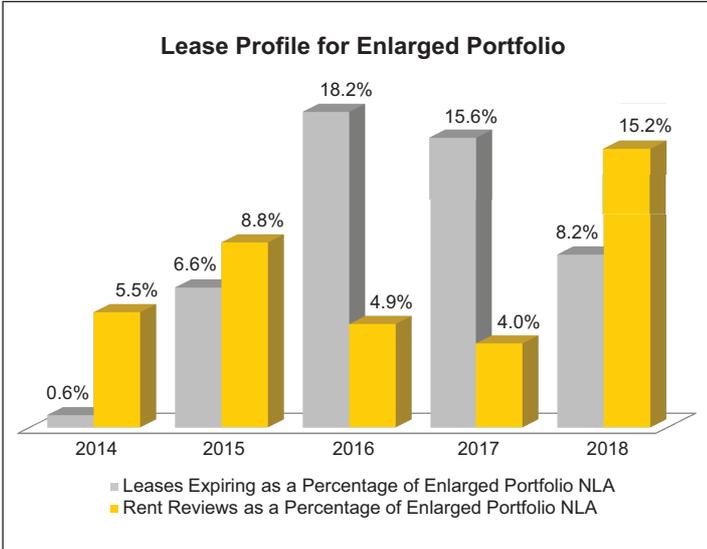
	Existing Portfolio	MBFC Tower 3 Interest	Enlarged Portfolio
NLA (sq ft)⁽¹⁾	2,872,675	447,327	3,320,002
Number of Tenants⁽¹⁾	225 ⁽²⁾	49	271 ⁽²⁾
Car Park Lots⁽¹⁾⁽³⁾	2,572	357	2,929
Committed Occupancy (%)⁽¹⁾	Approximately 99.3	Approximately 94.0	Approximately 98.6
Valuation (S\$ million)	6,861.9 ⁽⁴⁾	1,248.0 ⁽⁵⁾	8,109.9

Notes:

- (1) Excludes the office tower on the Old Treasury Building site in Perth, which is currently under construction.
- (2) Tenants located in more than one property are accounted as one tenant when computing the total number of tenants.
- (3) Refers to the total number of car park lots in the buildings, and includes car park lots owned and managed by the respective building management corporations.
- (4) The valuations are based on Keppel REIT's interest in the respective properties. Valuations as at 31 August 2014 for the Singapore properties. Valuations as at 31 December 2013 for the Australian properties including progressive payments and capital expenditure incurred up to 31 August 2014, and based on the exchange rate of A\$1.00=S\$1.174. For the office tower on the Old Treasury Building site in Perth, valuation is on an "as-is" basis.
- (5) Agreed Value.

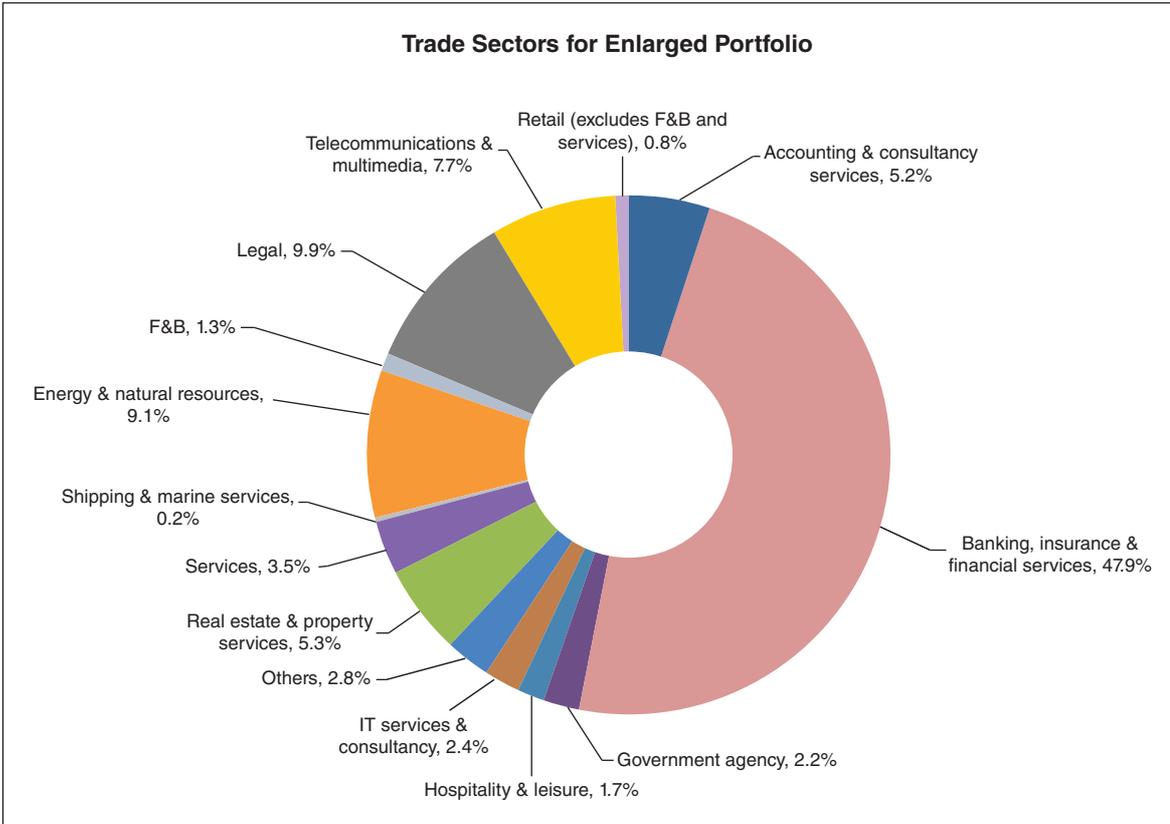
3.1 Lease Profile for the Enlarged Portfolio

The chart below illustrates the committed lease profile of the Enlarged Portfolio by NLA for the period from 2014 to 2018.



3.2 Trade Sector Analysis for the Enlarged Portfolio

The chart below provides a breakdown of the different trade sectors by committed NLA in the Enlarged Portfolio.



3.3 Top 10 Tenants of the Enlarged Portfolio

The table below sets out the top 10 tenants (by NLA) of the Enlarged Portfolio.

Property	Top 10 Tenants	Percentage of Leased NLA
275 George Street Interest	Telstra Corporation	42.0%
MBFC Phase One Interest	Standard Chartered Bank	
MBFC Phase One Interest	Barclays	
MBFC Tower 3 Interest	DBS Bank	
OFC Interest	Australia and New Zealand Banking Group	
OFC Interest	Drew & Napier	
OFC Interest	BNP Paribas	
ORQ Interest	Deutsche Bank	
ORQ Interest & 8 Exhibition Street Interest	Ernst & Young	
ORQ Interest & 8 Exhibition Street Interest	UBS	

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VALUATION CERTIFICATES



VALUATION CERTIFICATE

Date of Valuation:	18 August 2014						
Property:	12 Marina Boulevard, Marina Bay Financial Centre ("MBFC"), Tower 3, Singapore 018982						
Client:	Keppel REIT Management Limited						
Valuation Purpose:	To determine the market value for potential acquisition purposes.						
Tenure:	Leasehold for a term of 99 years commencing from 8 March 2007						
Interest Valued:	One-third undivided interest in the Property.						
Brief Description of Property:	<p>MBFC Tower 3 is part of the Marina Bay Financial Centre integrated development which comprises three premium Grade A office towers namely Towers 1, 2 and 3, two residential towers namely Marina Bay Residences and Marina Bay Suites and Marina Bay Link Mall, a subterranean mall offering retail and dining facilities. MBFC Tower 3 is a 46-storey office tower with three basement car park levels providing 357 car park lots, including 6 lots for the handicap.</p> <p>The Temporary Occupation Permit (TOP) for MBFC Tower 3 was granted on 21 March 2012 whilst the Certificate of Statutory Completion (CSC) was granted on 18 September 2012.</p>						
Master Plan (2014):	Zoned as "White Site"						
Legal Description:	Lot 297W of Town Subdivision 30						
Registered Proprietor:	Central Boulevard Development Pte. Ltd.						
Land Area:	9,710.40 sq m / 104,523 sq ft						
Gross Floor Area (GFA):	Approximately 151,776.61 sq m / 1,633,723 sq ft						
Net Lettable Area (NLA):	<table> <tr> <td>Office</td> <td>116,832.03 sq m / 1,257,580 sq ft</td> </tr> <tr> <td>Retail / F&B</td> <td>7,841.00 sq m / 84,400 sq ft</td> </tr> <tr> <td>Total</td> <td>124,673.03 sq m / 1,341,980 sq ft</td> </tr> </table>	Office	116,832.03 sq m / 1,257,580 sq ft	Retail / F&B	7,841.00 sq m / 84,400 sq ft	Total	124,673.03 sq m / 1,341,980 sq ft
Office	116,832.03 sq m / 1,257,580 sq ft						
Retail / F&B	7,841.00 sq m / 84,400 sq ft						
Total	124,673.03 sq m / 1,341,980 sq ft						
Rental Support:	According to information provided, the Vendor shall provide an aggregate rental support of up to S\$49,205,000 with income tax or about \$40,840,150 net of income tax to be provided up to a period of 5 years commencing on date of completion of the transaction.						
Methods of Valuation:	Discounted Cash Flow Analysis, Capitalization Approach and Comparison Method						
Market Value (one-third undivided interest): (Without Rental Support)	S\$1,242,000,000/- (Singapore Dollars One Billion and Two Hundred and Forty Two Million Only)						
Value psf of NLA: (Without Rental Support)	S\$2,776/-						



**Market Value (one-third undivided interest):
(With Rental Support)**

**S\$1,281,000,000/-
(Singapore Dollars One Billion and Two Hundred and Eighty One Million Only)**

**Value psf of NLA:
(With Rental Support)**

S\$2,864/-

Remarks:

This Valuation Certificate is a summary of the full report that Cushman & Wakefield has carried out and it does not contain all the necessary information, assumptions and limiting conditions that are included in the report. Further reference may be made to the report.

A handwritten signature in black ink, appearing to read "Chewayy L".

Cushman & Wakefield VHS Pte. Ltd.

22 August 2014



Our Ref : MKT/2014/C-KRML/DE/0660

Savills Valuation and
Professional Services (S) Pte Ltd
Reg No : 200402411G

18 September 2014

30 Cecil Street
#20-03 Prudential Tower
Singapore 049712

**RBC Investor Services Trust Singapore Limited
(as trustee for Keppel REIT)**

c/o Keppel REIT Management Limited
230 Victoria Street
#15-03 Bugis Junction Towers
Singapore 188024

T: (65) 6836 6888
F: (65) 6536 8611

savills.com

Dear Sirs

**VALUATION OF 12 MARINA BOULEVARD, MARINA BAY FINANCIAL CENTRE TOWER 3
SINGAPORE 018982 (“the Property”)**

In accordance with your instructions for us to value the Property, we have made relevant enquiries and obtained such information from you as we consider necessary for the purpose of providing you with our opinion of the Market Value (as defined below) of one-third (1/3) undivided interest in the Property, subject to existing and proposed tenancies and including rental support, as at 18 August 2014 (the “Valuation Date”) for acquisition purpose.

Our valuation is our opinion of the market value of the Property which we would define as intended to mean “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion.”

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

In arriving at our opinion of market value, we have adopted the Income Capitalisation Approach, Discounted Cash Flow Analysis and Market Comparison Method.

We have relied to a very considerable extent on information given by you and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, occupancy status, floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us and are therefore only approximations.

No allowance has been made in our valuation for any charges, mortgages or amounts owing, on the Property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions, and outgoings of an onerous nature which could affect its value.

We are pleased to enclose our valuation certificate with relevant appendices for your attention.

Yours faithfully,

For and on behalf of

Savills Valuation and Professional Services (S) Pte Ltd



Daniel Ee MSISV

Appraiser's Licence No : AD041-2004607E

Senior Director



Jessie Yeo MSISV

Appraiser's Licence No : AD041-2002061K

Executive Director

Encl.

VALUATION CERTIFICATE

The Property

**12 Marina Boulevard
Marina Bay Financial
Centre Tower 3
Singapore 018982**

Legal Description:

Lot 297W of Town
Subdivision 30

Registered Owner:

Central Boulevard
Development Pte Ltd

Tenure:

Leasehold 99 years
with effect from 8
March 2007

Interest Valued:

One-third (1/3)
undivided interest in
the 99-year leasehold
tenure

Brief Description

The Property is a 46-storey office tower with 3 basement levels of 357 car parking lots, completed in March 2012.

It is part of Marina Bay Financial Centre ("MBFC"), a mega-scale commercial-cum-residential development comprising 3 international grade office towers, 2 residential towers (known as Marina Bay Residences & Marina Bay Suites) and a retail podium (known as Marina Bay Link Mall which comprises the ground plaza and subterranean mall) with basement car park. MBFC is located on the south-western side of Marina Boulevard, within Marina Bay - the New Downtown Core Area of Singapore's CBD.

The Property which occupies a land area of 9,710.4 sq metres (104,523 sq feet), offers international grade office space with column-free floor plate of about 2,800 sq metres.

Temporary Occupation Permit and Certificate of Statutory Completion were issued on 21 March 2012 and 18 September 2012 respectively.

The total gross floor area is approximately 151,776.6 sq metres (1,633,723 sq feet) while the net lettable area ("NLA") is 124,673 sq metres (1,341,980 sq feet), giving an overall building efficiency of 82.1%.

The NLA breakdown by levels and usage is as follows:

	<u>Sq Metres</u>	<u>Sq Feet*</u>
Levels 1 & 2 – Retail/ F&B	2,769	29,805
Levels B1, 3 to 46 – Office	121,904	1,312,175
Total NLA	124,673	1,341,980

* 1 sq metre = 10.764 sq feet approximately

The Property enjoys an overall occupancy rate of approximately 94% including pre-committed tenancies.

We have valued one-third (1/3) undivided interest in the Property as at 18 August 2014, subject to existing/proposed tenancies and taking into account an aggregate rental support quantum of up to S\$49.205 million to be provided by the Vendor for a period of 5 years from the completion date of the transaction.

The rental support is given to compensate for the vacant space and lower-than-market tenancies. When vacant units are taken up and when the existing leases expire or are due for renewal, they are expected to be let or re-let at the prevailing market rates. Based on our market research and findings, we are of the opinion that the property rental income (taking into account the income support) is in line with the current market.

Market Value as at 18 August 2014

**One-Third Undivided
Interest subject to
existing/proposed
tenancies:**

**A) Taking into account
the aforesaid rental
support:**

S\$1,276,000,000/-

(Singapore Dollars

One Billion Two

Hundred And Seventy-

Six Million Only)

**B) Without taking into
account the aforesaid
rental support:**

S\$1,236,000,000/-

(Singapore Dollars

One Billion Two

Hundred And Thirty-Six

Million Only)

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INDEPENDENT FINANCIAL ADVISER'S LETTER

31 October 2014

The Independent Directors and Audit and Risk Committee
 Keppel REIT Management Limited
 (as manager of Keppel REIT)
 1 HarbourFront Avenue
 #18-01 Keppel Bay Tower
 Singapore 098632

Dear Sirs

1. THE PROPOSED ACQUISITION OF A ONE-THIRD INTEREST IN CENTRAL BOULEVARD DEVELOPMENT PTE. LTD., WHICH OWNS MARINA BAY FINANCIAL CENTRE TOWER 3;
2. THE PROPOSED ALLOTMENT AND ISSUANCE OF NEW UNITS (THE "CONSIDERATION UNITS") TO THE VENDOR (OR THE VENDOR NOMINEE) (TO PARTIALLY SATISFY THE PURCHASE CONSIDERATION FOR THE ACQUISITION), THE ISSUANCE OF WHICH CONSTITUTES AN INTERESTED PERSON TRANSACTION; AND
3. THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER BY THE INDEPENDENT UNITHOLDERS OF THEIR RIGHTS TO RECEIVE A MANDATORY GENERAL OFFER FROM THE VENDOR (OR THE VENDOR NOMINEE, OR PARTIES ACTING IN CONCERT WITH IT) FOR ALL OF THE ISSUED UNITS OF KEPPEL REIT, FOLLOWING THE ISSUE OF THE CONSIDERATION UNITS AS PART SATISFACTION OF THE PURCHASE CONSIDERATION FOR A ONE-THIRD INTEREST IN CENTRAL BOULEVARD DEVELOPMENT PTE. LTD. AND THE ISSUE OF UNITS TO THE MANAGER TO SATISFY THE PAYMENT OF ACQUISITION FEES.

(TOGETHER, THE "PROPOSED TRANSACTIONS")

UNITHOLDERS SHOULD NOTE THAT RESOLUTION 1 AND RESOLUTION 2 RELATING TO THE PROPOSED ACQUISITION AND THE PROPOSED ISSUANCE OF CONSIDERATION UNITS RESPECTIVELY ARE INTER-CONDITIONAL. UNITHOLDERS SHOULD ALSO NOTE THAT RESOLUTION 1 AND RESOLUTION 2 ARE EACH CONDITIONAL ON RESOLUTION 3 RELATING TO THE PROPOSED WHITEWASH RESOLUTION. IN THE EVENT THAT ANY OF RESOLUTION 1, RESOLUTION 2 AND RESOLUTION 3 IS NOT PASSED, THE MANAGER WILL NOT PROCEED WITH THE ACQUISITION.

For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the Circular.

1. INTRODUCTION

This letter ("**Letter**") has been prepared for inclusion in the Circular to be issued by Keppel REIT Management Limited (the "**Manager**"), in its capacity as Manager of Keppel REIT in connection with, *inter alia*, the Acquisition.

This Letter sets out our view on the Proposed Transactions and our recommendations to the Independent Directors. This Letter sets forth factors considered by PricewaterhouseCoopers Corporate Finance Pte Ltd (“**PwCCF**”) in arriving at its view. The Circular and Letter to Unitholders included therein will provide, *inter alia*, details of the Proposed Transactions, the opinion of the Audit and Risk Committee of the Manager (“**Audit and Risk Committee**”) and the recommendation(s) of the Independent Directors in relation to the Proposed Transactions, having considered PwCCF’s advice in this Letter.

1.1 Background

On 18 September 2014, the Trustee entered into the Share Purchase Agreement with the Vendor to acquire 200 ordinary shares being one-third of the issued share capital in CBDPL, which holds Marina Bay Financial Centre Tower 3 (“**MBFC Tower 3**”). The Acquisition is structured to effectively exclude CBDPL’s interest in MBSPL. The obligations of the Vendor to the Trustee in respect of the Acquisition are guaranteed by KLP.

The Share Purchase Agreement include, among others, the issuance of the Consideration Units to the Vendor (or the Vendor Nominee) and the following conditions precedent:

- (i) the approval of Unitholders for the Acquisition and the issuance of the Consideration Units to the Vendor (or the Vendor Nominee);
- (ii) the completion of the draw down of the refinancing loan to repay all shareholders’ loans from Sageland, the Vendor and Heedum to CBDPL;
- (iii) there being no resolution, proposal, scheme or order for the compulsory acquisition by the Singapore Government of the whole or any part of MBFC Tower 3 on or before Completion;
- (iv) there being no material damage to MBFC Tower 3 on or before Completion;
- (v) the receipt of the waiver from the SIC of the requirement by the Vendor and parties acting in concert with it to make a mandatory offer for the remaining Units not owned or controlled by the Vendor and parties acting in concert with it, in the event that they incur an obligation to make a mandatory offer pursuant to Rule 14 of the Code as a result of the receipt of (a) the Consideration Units and (b) the Acquisition Fee which is required to be paid to the Manager in Units pursuant to the Property Funds Appendix in respect of the Acquisition;
- (vi) the approval of Unitholders for the resolution to seek their approval for a waiver of their right to receive a mandatory offer from the Vendor and parties acting in concert with it for the remaining Units not owned or controlled by the Vendor and parties acting in concert with it pursuant to Rule 14 of the Code, as a result of the receipt of (a) the Consideration Units and (b) the Acquisition Fee which is required to be paid to the Manager in Units pursuant to the Property Funds Appendix in respect of the Acquisition; and
- (vii) the Consideration Units having been approved in-principle for listing on the SGX-ST, there not having occurred any withdrawal of such approval and the conditions to such approval having been fulfilled.

MBFC Tower 3 will be managed by Raffles Quay Asset Management Pte Ltd (“**RQAM**” or the “**Property Manager**”) pursuant to the Amended and Restated Project and Asset Management Agreement to CBDPL, where the Property Manager is responsible for providing, among other things, services relating to building management, lease administration, financial management, formal reporting, secretarial services, accounting services, administrative services and project management services.

The Total Acquisition Cost is currently estimated to be S\$727.5 million, comprising:

- (i) the estimated Purchase Consideration of S\$710.1 million;
- (ii) the Acquisition Fee of approximately S\$12.0 million; and
- (iii) the estimated stamp duty, professional and other fees and expenses of S\$5.4 million incurred or to be incurred by Keppel REIT in connection with the Acquisition.

As the Acquisition constitutes an “interested party transaction” under the Property Funds Appendix, the Acquisition Fee will be payable fully in the form of Units to the Manager, which shall not be sold within one year from the date of issuance.

The Manager intends to finance the Total Acquisition Cost with (i) the issuance of Consideration Units, (ii) the Placement Proceeds, (iii) the issuance of new Units payable to the Manager as Acquisition Fee, (iv) part of the proceeds from the Prudential Tower Divestment and (v) bank borrowings.

Rule 906 of the Listing Manual requires, *inter alia*, the approval of the Unitholders for an interested person transaction if the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000, with the same interested person during the same financial year) is equal to or exceeds 5.0% of Keppel REIT’s latest audited NTA. Further thereto, Paragraph 5.2 of the Property Funds Appendix also imposes a similar requirement for an interested party transaction whose value exceeds 5.0% of Keppel REIT’s latest audited NAV.

As at the Latest Practicable Date, Keppel Land holds, through KRIPL, an aggregate interest in 1,267,691,054 Units, which is equivalent to approximately 42.14% of the total number of Units in issue, and is therefore regarded as a “controlling Unitholder” of Keppel REIT under both the Listing Manual and the Property Funds Appendix. In addition, as the Manager is a wholly-owned subsidiary of Keppel Land, Keppel Land is therefore regarded as a “controlling shareholder” of the Manager under both the Listing Manual and the Property Funds Appendix. KCL is also regarded as a “controlling Unitholder” under both the Listing Manual and the Property Funds Appendix. As at the Latest Practicable Date, KCL, through KREIPL and KRIPL, has a deemed interest in 1,273,440,608 Units, which comprises approximately 42.33% of the total number of Units in issue.

As the Vendor is a wholly-owned subsidiary of Keppel Land, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, the Vendor (being a subsidiary of a “controlling Unitholder” and a “controlling shareholder” of the Manager) is (for the purposes of the Listing Manual) an “interested person” and (for the purposes of the Property Funds Appendix) an “interested party” of Keppel REIT. Therefore, the Acquisition will constitute an “interested person transaction” under Chapter 9 of the Listing Manual as well as an “interested party transaction” under the Property Funds Appendix, in respect of which the approval of Unitholders is required.

Accordingly, in compliance with the requirements of Rule 906 of the Listing Manual and Paragraph 5.2 of the Property Funds Appendix, the Manager is seeking the Unitholders' approval for the Acquisition.

It is in this context that PwCCF has been appointed to advise the Independent Directors and the Audit and Risk Committee of the Manager as to whether the Acquisition is based on normal commercial terms and is not prejudicial to the interests of Keppel REIT and its minority Unitholders.

The issuance of Consideration Units to the Vendor (or the Vendor Nominee) constitutes an "interested person transaction" under Chapter 9 of the Listing Manual. Rule 812 of the Listing Manual requires Unitholders' approval for the issuance of the Consideration Units to the Vendor (or the Vendor Nominee). In connection with the proposed issuance of the Consideration Units and the receipt in Units by the Manager of the Acquisition Fee in relation to the Acquisition, Keppel REIT is seeking a Whitewash Resolution from Independent Unitholders for a waiver of their rights to receive a general takeover offer by Keppel Land and the parties acting in concert with it.

It is in this context that PwCCF has been appointed to advise the Independent Directors and the Audit and Risk Committee of the Manager as to whether the issuance of Consideration Units is based on normal commercial terms and is not prejudicial to the interests of Keppel REIT and its minority Unitholders, and to advise on the Whitewash Resolution.

Detailed information on the Acquisition, the issuance of Consideration Units and the Whitewash Resolution is set out in paragraphs 2 to 6 of the Letter to Unitholders.

2. TERMS OF REFERENCE

PwCCF has been appointed as the Independent Financial Adviser to the Independent Directors and the Audit and Risk Committee of the Manager to advise, from a financial point of view, as to:

- (i) whether the Acquisition is on normal commercial terms and is not prejudicial to the interests of Keppel REIT and its minority Unitholders;
- (ii) whether the issuance of Consideration Units is based on normal commercial terms and is not prejudicial to the interests of Keppel REIT and its minority Unitholders; and
- (iii) the Whitewash Resolution in relation to the issuance of Consideration Units and Acquisition Fee Units.

We make no representations or warranties in relation to the merits of the Proposed Transactions other than to express an opinion, from a financial point of view, on whether the Proposed Transactions are on normal commercial terms and are not prejudicial to the interests of Keppel REIT and its minority Unitholders. Our terms of reference do not require us to evaluate or comment on the strategic or commercial merits or risks of the Proposed Transactions or on the prospects of Keppel REIT or any of its respective related companies (as defined in the Companies Act of Singapore). However, we may draw upon the views of the Directors and management of the Manager and their other professional advisers in arriving at our opinion. We also do not address the relative merits of the Acquisition as compared to any alternative transaction(s) previously considered by the Manager or that otherwise may become available to Keppel REIT in the future. Such evaluations or comments remain the responsibility of the Directors and management of the Manager.

We have held discussions with the Directors and management of the Manager and have examined information provided by the Manager and other publicly available information collated by us, upon which our opinion as set out in this Letter is based. We have not independently verified the information provided by the Manager, whether written or verbally, and accordingly do not make any representation or warranty in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. We have made reasonable enquiries and exercised our judgement on the reasonable use of such information and found no reason to doubt the accuracy or reliability of the information.

We have not made an independent evaluation of the MBFC Tower 3 Interest. We have, however, been furnished with the valuation reports issued by Cushman & Wakefield VHS Pte. Ltd. (“**C&W**”) and Savills Valuation and Professional Services (S) Pte Ltd (“**Savills**”) (together as the “**Independent Valuers**”). With respect to the valuation reports, we are not experts and do not hold ourselves to be experts in the evaluation of the MBFC Tower 3 Interest but have relied upon the valuation reports prepared by C&W (“**C&W Valuation Report**”) and Savills (“**Savills Valuation Report**”). The respective valuation certificates and summaries prepared by the Independent Valuers are set out in Appendix B of the Circular.

We have relied upon the assurance of the Directors that the Directors of the Manager collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions, Keppel REIT and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors of the Manager has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context. The foregoing is as set out in the “Directors’ Responsibility Statement” in paragraph 11 of the Letter to Unitholders.

Accordingly, no representation or warranty, expressed or implied, is made by us, and no responsibility is accepted by us, concerning the accuracy, completeness or adequacy of all such information, provided or otherwise made available to us or relied upon by us as described above.

Furthermore, our terms of reference do not require us to express, and we do not express, an opinion on the future prospects of Keppel REIT. We have, therefore, not expressed any opinion herein as to the future financial or other performance of Keppel REIT.

Our opinion as set out in this Letter is based upon the following considerations:

In relation to the Acquisition:

- (i) rationale for the Acquisition;
- (ii) valuations of the MBFC Tower 3 Interest as appraised by the Independent Valuers;
- (iii) impact of the Acquisition on the DPU to Unitholders on a pro-forma basis;
- (iv) price per NLA of the MBFC Tower 3 Interest implied by the Agreed Value as compared to the similar properties held by real estate investment trusts (“**REITs**”) listed and traded on SGX-ST;

- (v) price per NLA of the MBFC Tower 3 Interest implied by the Agreed Value as compared to the transactions of other similar office properties carried out in Singapore;
- (vi) terms and conditions of the Amended and Restated Project and Asset Management Agreement and the associated fees;
- (vii) Rental Support; and
- (viii) the prevailing market, economic, industry, monetary and other relevant conditions, together with any information made available to us as at the Latest Practicable Date.

In relation to the issuance of Consideration Units and the Whitewash Resolution:

- (i) the rationale for the issuance of Consideration Units;
- (ii) the evaluation of the issue price of the Consideration Units; and
- (iii) the financial effects of the Proposed Transactions.

Conditions may change significantly over a short period of time and accordingly we assume no responsibility to update, revise or reaffirm our view in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Unitholders should take note of any announcements relevant to their consideration of the Proposed Transactions which may be released by the Manager and other sources after the Latest Practicable Date.

Our opinion is addressed to and for the use and benefit of the Independent Directors and the Audit and Risk Committee in their deliberation of whether the Proposed Transactions are based on normal commercial terms and are not prejudicial to the interests of Keppel REIT and its minority Unitholders and the opinion of the Audit and Risk Committee. The statements and/or recommendations made by the Independent Directors shall remain the responsibility of the Independent Directors.

In preparing this Letter, we have not had regard to the specific investment objectives, financial situation, tax position and/or unique needs and constraints of any Unitholder. As different Unitholders would have different investment objectives, we advise the Independent Directors to recommend that any individual Unitholder who may require specific advice in relation to his Units should consult his stockbroker, bank manager, solicitor, accountant or other professional advisers.

Our opinion in relation to the Proposed Transactions should be considered in the context of the entirety of this Letter and the Circular.

3. DETAILS ON MBFC TOWER 3 AND THE ACQUISITION

3.1 MBFC Tower 3

Detailed information concerning MBFC Tower 3 can be obtained from Paragraph 2.1 of the Letter to Unitholders as well as Appendix A of the Circular.

We note the following information in relation to MBFC Tower 3:

Selected Information about MBFC Tower 3	
Title	Leasehold estate of 99 years commencing from March 2007
NLA	Approximately 1,341,980 sq ft
Committed Occupancy	Approximately 94% as at 31 August 2014
Number of Tenants	49 as at 31 August 2014

Source: Circular

3.2 The Acquisition

Keppel REIT will be acquiring one-third of the issued share capital of CBDPL, which owns MBFC Tower 3. The Acquisition is structured to effectively exclude CBDPL's interest in MBSPL. As such, the Purchase Consideration is based on the Adjusted NTA of CBDPL (excluding the NTA of MBSPL) as at the Completion Date. As at 31 July 2014, the estimated Purchase Consideration is S\$710.1 million (subject to completion adjustment) and is derived from:

	(S\$ million)
Agreed Value	1,248.0
Less: adjustments for a one-third share of CBDPL's net liabilities (excluding liabilities relating to project development works on MBFC Tower 3 and excluding MBSPL)	537.9
Estimated Purchase Consideration	710.1

Source: Circular

The Agreed Value was negotiated on a willing-buyer and willing-seller basis taking into account the independent valuation of the MBFC Tower 3 Interest.

4. EVALUATION OF THE ACQUISITION

In our evaluation from a financial point of view of whether the terms of the Acquisition is based on normal commercial terms and is not prejudicial to the interests of Keppel REIT and its minority Unitholders, we have given due consideration to the following key factors:

- (i) rationale for the Acquisition;
- (ii) valuations of the MBFC Tower 3 Interest as appraised by the Independent Valuers;
- (iii) impact of the Acquisition on the DPU to Unitholders on a pro forma basis;
- (iv) price per NLA of the MBFC Tower 3 Interest implied by the Agreed Value as compared to the similar properties held by REITs listed and traded on SGX-ST;

- (v) price per NLA of the MBFC Tower 3 Interest implied by the Agreed Value as compared to the transactions of other similar office properties carried out in Singapore;
- (vi) terms and conditions of the Amended and Restated Project and Asset Management Agreement and the associated fees;
- (vii) Rental Support; and
- (viii) the prevailing market, economic, industry, monetary and other relevant conditions, together with any information made available to us as at the Latest Practicable Date.

These factors are discussed in greater detail in the ensuing paragraphs.

4.1 Rationale for Acquisition

The rationale for the Acquisition is set out in Paragraph 4 of the Letter to Unitholders.

4.2 Valuation of the MBFC Tower 3 Interest as appraised by the Independent Valuers

The Independent Valuers were commissioned by the Manager and the Trustee to assess the open market value of the MBFC Tower 3 Interest.

4.2.1 Purpose and Scope of Work of the Independent Valuers

C&W and Savills were commissioned to assess the open market value of the MBFC Tower 3 Interest. C&W was appointed by the Manager while Savills was appointed by the Trustee.

The basis of valuation in both C&W Valuation Report and Savills Valuation Report is market value, as defined in by the International Valuation Standards Committee and adopted by the Singapore Institute of Surveyors and Valuers is as follows:

“The estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”

In addition, “market value” assumes:

- (i) a willing seller;
- (ii) that, prior to the date of valuation there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of the price and terms and for the completion of the sale;
- (iii) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- (iv) that no account is taken of any additional bid by a prospective purchaser with a special interest; and
- (v) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.

No allowances have been made for any expenses, or realisation, or for taxation which might arise in the event of a disposal. The property is considered as if free and clear of all mortgages or other charges which may be secured thereon.

4.2.2 Valuation Approaches

We note that the Independent Valuers adopted the income capitalisation and discounted cash flow (“**DCF**”) approaches to determine the open market value of the MBFC Tower 3 Interest. Savills also considered the market comparison method while C&W used the comparison method as a cross-check.

Extract below is a brief description of the valuation approaches:

Valuation Approach	Description
Income Capitalisation	<p>The gross revenue is adjusted for outgoings such as vacancy and bad debt allowances, operating expenses, property tax, management fees and the owner’s non-recoverable expenditure, producing a net income figure.</p> <p>The net income is then capitalised at an appropriate rate of return that reflect the current market investment criteria over the remaining lease term in order to reflect the certain and potential risks acceptable to a prudent investor.</p>
DCF	<p>The cash outflows (comprising operating expenses) are deducted from the cash inflows of the property (comprising rental income, car park charges and rental income from both office space and retail space) to obtain the net cash flows. The property is assumed to be sold after the tenth year, with the proceeds added to the cash inflows.</p> <p>The stream of net cash flows is then discounted at an estimated required rate of return applicable to that class of property, to obtain the net present value.</p>
Market Comparison	<p>Reference is made to sales of similar properties with adjustments made, where appropriate, for differences in location, floor area, age, tenure, type of development, date of sale etc.</p>

All the approaches are widely accepted methods for the purpose of valuing income producing properties. We have also made reasonable enquiries and have exercised our professional judgement in reviewing the information contained in the respective valuation reports. In our review, we do not find the information contained therein to be unreasonable.

We have set out below the capitalisation rates, discount rates and terminal yields used by the Independent Valuers in the income capitalisation and DCF approaches. We note that both the Independent Valuers have used similar rates and yields.

Valuer	Income Capitalisation Approach	DCF Approach	
	Capitalisation Rate (%)	Discount Rate (%)	Terminal Yield (%)
C&W	3.85%	7.00%	4.10%
Savills	Office: 3.85% Retail: 4.75%	7.00%	Office: 4.0% Retail: 5.0%

The market value of the MBFC Tower 3 Interest as at 18 August 2014, according to the two approaches adopted by C&W and Savills, are set out below:

Valuer	Income Capitalisation (\$\$ m)	DCF (\$\$ m)	Market Comparison (\$\$ m)	Open Market Value (\$\$ m)	One-Third Interest ¹ (\$\$ m)	Agreed Value (\$\$ m)
C&W	3,609	3,840	NA ²	3,725	1,281	1,248
Savills	3,750	3,660	3,720	3,710 ³	1,276	

Sources: C&W Valuation Report and Savills Valuation Report

Notes:

- (1) The values determined by the valuation approaches are based on the approximate one-third interest in MBFC Tower 3 and include the value of the Rental Support.
- (2) The Comparison method was used by C&W for cross-check purpose only.
- (3) The open market value by Savills is based on average of the three valuation approaches.

In consideration of the rental support arrangements, both C&W and Savills calculated the net present value of the Relevant Sums (net of income tax) as a separate component of their valuation results derived from the DCF and income capitalisation approaches. The Independent Valuers are of the opinion that the rental (taking into account the Rental Support) is in line with the market rental. Further, they are of the opinion that the valuations taking into account the effect of the Rental Support are comparable to market values.

As illustrated in the table above, the Agreed Value is lower than the two respective independent valuations by C&W and Savills. Having considered the above, the Rental Support and the Agreed Value are on normal commercial terms and do not appear to be prejudicial to the interests of Keppel REIT and its minority Unitholders.

4.3 Impact of the Acquisition on the DPU to Unitholders

When looking at the impact of the Acquisition on the DPU to Unitholders, we consider Keppel REIT's audited result for 2013, adjusted to reflect a full year impact of the Prudential Tower Divestment and the Acquisition. Set out below are the pro-forma impact on the DPU to Unitholders of the two transactions.

	Before the Prudential Tower Divestment and the Acquisition	After the Prudential Tower Divestment and before the Acquisition	After the Prudential Tower Divestment and after the Acquisition
DPU (cents)	7.88	7.56	7.89

4.4 The market value per NLA implied by Agreed Value as compared to the similar properties held by REITs listed and traded on SGX-ST

Set out in the table below are properties owned by REITs listed and traded on the SGX-ST, and considered to be similar to MBFC Tower 3 in terms of being mainly premium Grade A office building located in the Raffles Place and Marina Bay area, and of similar age, location and building specification (“**Similar Properties**”).

Whilst we have made our comparisons against the following selected properties as shown in the table below, we recognised that the selected properties are not identical to MBFC Tower 3 in terms of building size and design, location, tenant composition, operating history, future prospects and other relevant criteria.

Accordingly, the Independent Directors should note that any comparison made with respect to the Similar Properties serves as an illustrative guide only.

Property	Location	Title and tenure	Building age ¹	Owner	Valuation Date	Market Value (\$ million)	NLA (sq ft)	Market Value/NLA (\$ psf)
Ocean Financial Centre	10 Collyer Quay	Leasehold (99 years)	3 years	Keppel REIT	31-Dec-13	2,515	884,525	2,843
MBFC Phase One ²	8 Marina Boulevard	Leasehold (99 years)	4 years	Keppel REIT	31-Dec-13	1,609	581,895	2,765
ORQ Interest ³	1 Raffles Quay	Leasehold (99 years)	8 years	Keppel REIT	31-Dec-13	1,200	444,750	2,698
OUE Bayfront	50 Collyer Quay	Leasehold (99 years)	4 years	OUE C-Trust	30-Sep-13	1,135	402,374	2,821
One Raffles Quay ³	1 Raffles Quay	Leasehold (99 years)	8 years	Suntec REIT	31-Dec-13	1,200	444,750	2,698
MBFC Properties ²	8 Marina Boulevard	Leasehold (99 years)	4 years	Suntec REIT	31-Dec-13	1,640	581,895	2,818
Six Battery Road	6 Battery Road	Leasehold (999 years)	30 years	Capita-Commercial Trust	31-Dec-13	1,285	494,602	2,598 ⁴
Average (excluding outlier)								2,774
Median (excluding outlier)								2,792
MBFC Tower 3 Interest								2,790

Sources: Circular, Prospectus and Annual Reports

Notes:

- (1) Building age is determined as at the date of this Letter.
- (2) MBFC Phase One and MBFC Properties refer to the respective interests owned by Keppel REIT and Suntec REIT in Phase One of Marina Bay Financial Centre (comprising two office towers – Marina Bay Financial Centre Towers 1 & 2; and Marina Bay Link Mall).
- (3) ORQ Interest and One Raffles Quay refer to a one-third stake in One Raffles Quay Pte Ltd, which owns One Raffles Quay, held by both Keppel REIT and Suntec REIT.
- (4) Although refurbishment was completed in 2010, the building is 30 years old and its Market Value/NLA is therefore considered as an outlier. We have excluded it in the average and median calculation.

We note that at S\$2,790 psf, the market value per NLA of the MBFC Tower 3 Interest is within the range and less than the median of the market value per NLA of the Similar Properties.

Based on the above attributes, the Agreed Value does not appear to be prejudicial to the interests of Keppel REIT and its minority Unitholders.

4.5 The price per NLA implied by the Agreed Value as compared to the transactions of other similar office properties carried out in Singapore

We have also extracted information from the transactions of other similar office properties carried out in Singapore (“**Transacted Properties**”) in order to compare the Agreed Value per NLA with the Transacted Properties.

The information in the table presented below is for illustration purposes only. The Transacted Properties may differ from MBFC Tower 3 in terms of building size and design, building age, location, accessibility, tenant composition, market risks, future prospects, operating history, retail-office mix and other relevant criteria. There is no property included within the Transacted Properties which may be considered identical to MBFC Tower 3 in terms of the aforesaid factors.

Accordingly, Independent Directors should note that any comparison made with respect to the Transacted Properties serves as an illustrative guide only.

Property	Location	Title and tenure	Transaction date	Building age ¹	Price (\$ million)	NLA (sq ft)	Price/NLA (\$ psf)
Straits Trading Building	9 Battery Road	Leasehold (999 years)	Sep-14	5 years	450	159,000	2,830
Anson House	72 Anson Road	Leasehold (99 years)	Jul-14	15 years	172	76,362	2,252
Equity Plaza	20 Cecil St	Leasehold (99 years)	Jun-14	22 years	550	252,135	2,181 ⁴
Prudential Tower	30 Cecil St	Leasehold (99 years)	May-14	16 years	512	221,241	2,314
OUE Bayfront	50 Collyer Quay	Leasehold (99 years)	Jan-14	3 years	1,005	402,374	2,498
Finexis Building ²	108 Robinson Road	Freehold	Jan-14	>30 years	124	53,830	2,300 ⁴
Robinson Point	39 Robinson Road	Freehold	Jun-13	15 years	349	135,720	2,571
Hitachi Tower ²	16 Collyer Quay	Leasehold (999 years)	Jan-13	20 years	660	278,000	2,374 ⁴
MBFC Tower 3 ³	12 Marina Boulevard	Leasehold (99 years)	Dec-12	1 year	1,035	405,000	2,556
Ocean Financial Centre ²	10 Collyer Quay	Leasehold (99 years)	Sep-11	<1 year	2,300	884,957	2,600
Average (excluding outliers)							2,517
Median (excluding outliers)							2,556
MBFC Tower 3 Interest		Leasehold (99 years)	Sep-14	1.5 years	1,248	447,327	2,790

Sources: Annual Reports, Company Announcements and Press Releases

Notes:

- (1) The building age is determined as at transaction date.
- (2) Based on 100% interest in the properties.
- (3) This refer to an acquisition of 30% interest in MBFC Tower 3 by DBS.
- (4) As these properties are more than 20 years old, their Price/NLA are considered outliers and being excluded from the average and median calculation.

We note that at S\$2,790 psf, the market value per NLA of the MBFC Tower 3 Interest is within the range and higher than the average and median of the price per NLA of the Transacted Properties.

We acknowledge that the market value per NLA of the MBFC Tower 3 Interest could be higher than the average and median price per NLA of the Transacted Properties for the following reasons:

- (i) Positioned as Asia's Best Business Address™, MBFC Tower 3 is a premium Grade A office building with large column-free and symmetrical floor plates, which optimises the efficient use of space as well as offering panoramic views of Marina Bay;
- (ii) MBFC Tower 3 is a recently completed development unlike most of the Transacted Properties. It received its Temporary Occupation Permit on 21 March 2012;
- (iii) MBFC Tower 3 is located on prime waterfront land in the heart of Singapore's financial district. As indicated in Paragraph 2.1 of the Letter to Unitholders, MBFC Tower 3 is well connected to other developments in the Marina Bay precinct, and to the Raffles Place MRT interchange and Downtown MRT station via an underground pedestrian network; and
- (iv) the capital values for office spaces have increased in the last 24 months. The table below shows that the private property price index for commercial office space has increased from 126.2 in 4th quarter 2012 to 133.5 in 2nd quarter 2014, an increase of 5.8%.

	2012Q4	2013Q1	2013Q2	2013Q3	2013Q4	2014Q1	2014Q2
Commercial Property Price Index	126.2	128.9	130.8	132.1	132.8	133.5	133.5

Source: Urban Redevelopment Authority

We note that whilst the above index is the most applicable available index, it is a broad Commercial Property Price Index comprising a wide range of commercial properties of varying age, quality, location, etc., and therefore may not fully reflect the increases in capital values for prime office space in the Downtown Core.

Taking into account the above attributes, the Agreed Value does not appear to be prejudicial to the interests of Keppel REIT and its minority Unitholders.

4.6 Terms and conditions of the Amended and Restated Project and Asset Management Agreement

As set out in Paragraph 2.9 of the Letter to Unitholders, key terms of the Amended and Restated Project and Asset Management Agreement are described below:

In consideration of the due performance by RQAM for providing, among other things, services relating to building management, lease administration, financial management, formal reporting, secretarial services, accounting services, administrative services and project management services, CBDPL shall pay RQAM:

- (i) a management fee equal to 3.0% of the gross revenue of MBFC Tower 3;

- (ii) in relation to each lease entered into by a tenant, a marketing fee equivalent to:
 - a. two months' gross rent in the event that such lease is for a term of five years or more; or
 - b. one month's gross rent in the event that such lease is for a term of two years or more, but less than five years; or
 - c. one-half of a month's gross rent in the event that such lease is for a term of less than two years;
- (iii) in relation to the renewal of leases, a marketing fee equivalent to one-quarter of a month's gross rent; and
- (iv) in relation to leases with rent review provisions, a marketing fee equivalent to one-quarter of a month's gross rent based on the reviewed rent for each of the rent reviews under such lease.

We note that the terms of the management fees contracted in the Amended and Restated Project and Asset Management Agreement are the same as the project and asset management agreements which were entered into with RQAM for the management of One Raffles Quay and MBFC Towers 1 & 2, and which were approved by Unitholders when Keppel REIT obtained Unitholders' approval for the acquisitions of One Raffles Quay and MBFC Towers 1 & 2. As the project and asset management agreements were entered into by each of the property holding companies of One Raffles Quay and MBFC Towers 1 & 2, all shareholders of the property holding companies bear the same fees of the project and asset management agreements.

We also note that the Amended and Restated Project and Asset Management Agreement was entered into on 19 September 2012 between RQAM and CBDPL, and Keppel REIT as an incoming one-third shareholder of CBDPL is stepping into the shoes of the vendor, and would be taking over the Amended and Restated Project and Asset Management Agreement with RQAM, as one of the shareholders of CBDPL. We understand that the entry into the Amended and Restated Project and Asset Management Agreement would have to be approved by the three shareholders of CBDPL, and that the terms of the Amended and Restated Project and Asset Management Agreement are reflective of the terms of a project and asset management agreement negotiated on an arm's length basis.

Based on the above considerations, the terms and conditions of the Amended and Restated Project and Asset Management Agreement do not appear to be prejudicial to the interests of Keppel REIT as an incoming shareholder and its minority Unitholders and Independent Unitholders.

4.7 Rental Support

As set out in Paragraph 2.6 of the Letter to Unitholders, given that MBFC Tower 3 is a recently completed development, the Vendor will provide Rental Support to Keppel REIT which amounts up to approximately S\$49.2 million for a period of five years from the Completion Date of the Transaction for vacant spaces and lower-than-market tenancies at MBFC Tower 3. The Rental Support, in addition to the income from the committed leases, will provide a level of income equivalent to an estimated average gross rental rate of between S\$10.40 psf per month to S\$10.80 psf per month.

We note that on Completion, the aggregate Rental Support amount of approximately S\$49.2 million shall be deducted from the Purchase Consideration, accordingly there will be no risk that the Rental Support would not be paid by the Vendor.

4.8 Other Relevant Considerations

4.8.1 Financing the Acquisition

As set out in Paragraph 5.1 of the Letter to Unitholders, the Total Acquisition Cost, based on the assumptions used for the pro-forma financial information, is calculated based on the following assumptions:

- (i) S\$185.0 million of the Purchase Consideration is payable to the Vendor (or the Vendor nominee) via the issuance of the Consideration Units;
- (ii) net proceeds of approximately S\$224.6 million from the placement of 195,000,000 new Units to part-finance the Acquisition;
- (iii) approximately S\$185.2 million from the proceeds of the Prudential Tower Divestment to part-finance the Acquisition;
- (iv) bank borrowings of approximately S\$120.7 million to part-finance the Acquisition; and
- (v) approximately S\$12.0 million of the Acquisition Fee, payable to the Manager fully in Units.

As set out in Paragraph 2.5 of the Letter to Unitholders, Keppel REIT's all-in interest rate and aggregate leverage after the Completion Date will be approximately 2.3% and 43.8%¹ respectively. The Manager believes that maintaining Keppel REIT's aggregate leverage at this level is appropriate and prudent under the current market conditions.

5. DETAILS OF THE FINANCIAL TERMS OF THE ISSUANCE OF CONSIDERATION UNITS AND THE WHITWASH RESOLUTION

5.1 The issuance of Consideration Units

Detailed information concerning the Consideration Units can be obtained from Paragraph 3 of the Letter to Unitholders.

We note that the Consideration Units will be equal to S\$185.0 million worth of Units in Keppel REIT. The final issue price of the Consideration Units will be determined based on the volume weighted average price for a Unit for all trades on the SGX-ST for the period of 10 business days commencing on the first day of "ex-dividend" trading in relation to the books closure date for the advanced distribution or, as the case may be, cumulative distribution declared by the Manager (in relation to the then existing Units in issue) and ending on the business day immediately preceding the Completion Date. The Consideration Units shall be issued on the Completion Date and the number of Consideration Units issued shall be rounded downwards to the nearest board lot.

¹ This is computed based on the exchange rate of A\$1.00 = S\$1.174 and includes the one-third share of the borrowings recorded in CBDPL's books.

5.2 The proposed Whitewash Resolution

As Keppel Land is already a substantial Unitholder in Keppel REIT, the issuance of Consideration Units and Acquisition Fee Units to the Vendor (or the Vendor Nominee) and the Manager, respectively, may, pursuant to Rule 14.1(b) of the Code, result in the right of Independent Unitholders to receive a mandatory offer from Keppel Land and parties acting in concert with it for the remaining issued Units not owned or controlled by Keppel Land.

We note that Keppel REIT intends to seek approval from Independent Unitholders for the waiver of this right.

Further information on the Whitewash Resolution can be obtained in Paragraph 6 of the Letter to Unitholders.

6. EVALUATION OF THE ISSUANCE OF CONSIDERATION UNITS AND THE PROPOSED WHITEWASH RESOLUTION

In our evaluation of the above, we have taken into consideration the following key factors:

- (i) the rationale for the issuance of Consideration Units;
- (ii) the evaluation of the issue price of the Consideration Units; and
- (iii) the financial effects of the Proposed Transactions.

These factors are discussed in greater detail in the ensuing paragraphs.

6.1 The rationale for the Consideration Units

As set out in Paragraph 4 of the Letter to Unitholders, the issuance of Consideration Units will align the interests of Keppel Land with that of Keppel REIT and its Unitholders, as the Vendor is a wholly-owned subsidiary of Keppel Land and Keppel Land is a controlling Unitholder of Keppel REIT. This also demonstrates Keppel Land's commitment to support Keppel REIT's growth strategy.

The issuance of Consideration Units will also result in Keppel REIT raising less equity from the market in the Placement.

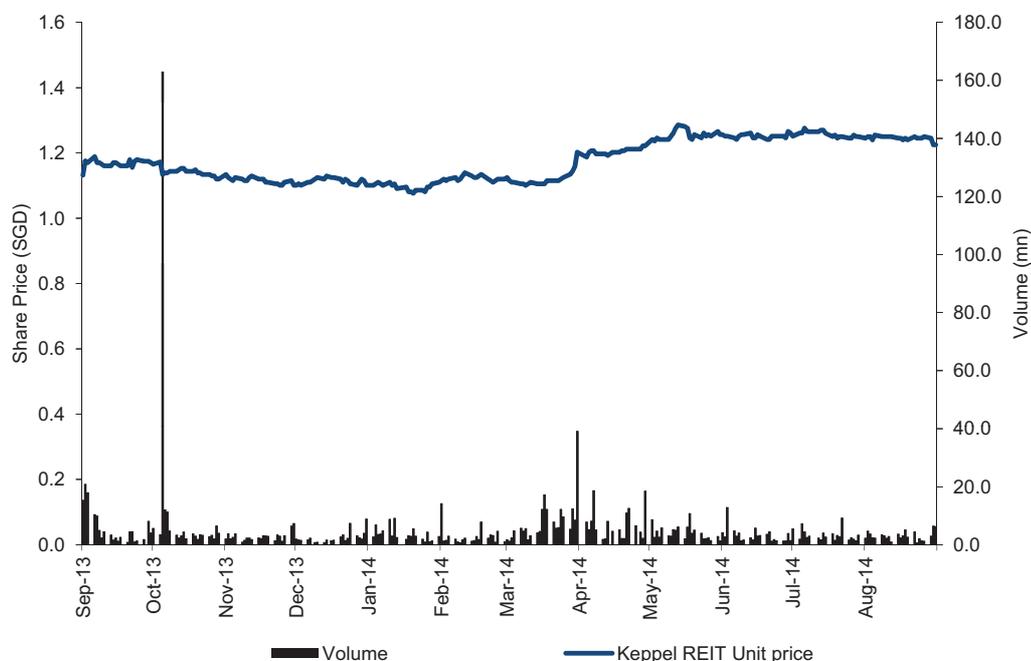
As the part payment to Vendor (or the Vendor nominee) in the form of Units will only be issued on Completion Date, there will be no impact on the DPU for the period from the date of the Share Purchase Agreement to the date of the issuance of the Consideration Units.

6.2 The evaluation of the issue price of the Consideration Units

The issue price of the Consideration Units will be determined by the volume weighted average price ("VWAP") for a Unit for all trades on the SGX-ST for the period of 10 business days commencing on the first day of "ex-dividend" trading in relation to the books closure date for the advanced distribution or, as the case may be, cumulative distribution declared by the Manager (in relation to the then existing Units in issue), as set out in the Trust deed of Keppel REIT.

6.2.1 Historical unit price performance

We highlight that under ordinary circumstances, the market valuation of a Unit traded on a recognised stock exchange may be affected by, inter alia, its relative liquidity, the size of its free float, the extent of research coverage, the investor interest it attracts and the general market sentiment at a given period in time. Unitholders should also note that the past trading performance of the Units should not be relied upon as a guide of their future trading performance. Therefore, this analysis serves as an illustrative guide only.



Source: Bloomberg

We note that during the last 1-year period prior to the Announcement Date, the closing price of the Units ranged between a low of S\$1.08 to a high of S\$1.29.

Set out below is a summary of the trading statistics of the Units for the selected reference periods:

	Average Daily Trading Volume ¹	VWAP (S\$)
Last 1-year	4,982,628	1.173
Last 6-month	4,895,484	1.205
Last 3-month	3,307,015	1.250
Last 1-month	3,170,696	1.243
Last Trading Day ²	6,404,000	1.225

Sources: Bloomberg and PwCCF analysis

Notes:

- (1) The average daily trading volume of the Units is calculated based on the total volume of Units traded during the period under consideration divided by the number of trading days during that period.
- (2) Refers to 17 September 2014, being the last trading day on which the Units were traded prior to the announcement of the Proposed Transactions.

Based on the above, we note the following:

- (i) During the last 1-year prior to the Announcement Date, the average daily trading volume for the Units was 4,982,628, representing approximately 0.1% of the Free Float, and
- (ii) The past trading performance of the Units should not, in any way, be relied upon as an indication or promise of its future trading performance.

6.2.2 Comparison of the issue price with precedent placements to Interested Persons

Set out in the table below are other completed placements undertaken by REITs listed and traded on the SGX-ST, wherein there was a placement of units to an interested person.

Whilst we have made our comparisons against the following selected placements as shown in the table below, we recognised that the selected placements are not identical to the issue of the Consideration Units.

Accordingly, the Independent Directors should note that any comparison made with respect to the precedent placements serves as an illustrative guide only.

REITs	Announcement Date	Unitholding of interested person prior to the placement (%)	Total proceeds raised (\$ million)	Issue/ Subscription Price (\$)	Premium over/ (Discount to) VWAP for trades done on the SGX-ST for the full market day on date of signing (%)
Frasers Centrepoint Trust	May-14	41.1%	161.5	1.835	(2.5%)
Far East Hospitality Trust	Dec-12	52.0%	135.8	1.10 ¹	NA
CapitaRetail China Trust	June-11	41.2%	70.0	1.170	(6.5%)
Ascott Residence Trust	Sep-10	47.7%	453.2	1.080	(4.7%)
The issue price	Sep-14	44.9%	185.0	Note 2	Nil

Sources: SGX and Company Announcements

Notes:

- (1) The issue price was determined based on the VWAP for the Units for all trades on the SGX-ST for the period of 10 business days commencing from the day on which the Units trade ex-distribution and S\$1.10 served as an illustrative price only.
- (2) The issue price is based on 10 business days commencing on the first day of "ex-dividend" trading in relation to the books closure date for the advanced distribution or, as the case may be, cumulative distribution declared by the Manager (in relation to the then existing Units in issue), as set out in the Trust deed of Keppel REIT.

We note that the placement undertaken by Far East Hospitality Trust involved a similar method of calculation of the issue price as will take place for the Consideration Units. The other three completed placements undertaken by Frasers Centrepoint Trust, CapitaRetail China Trust and Ascott Residence Trust were at a discount to the VWAP for trades executed for the full market day on date of signing.

6.2.3 Issue price and distributions of the Consideration Units

The issue price of the Consideration Units will be determined by the VWAP for a Unit for all trades on the SGX-ST for the period of 10 business days commencing on the first day of “ex-dividend” trading in relation to the books closure date for the advanced distribution or, as the case may be, cumulative distribution declared by the Manager (in relation to the then existing Units in issue), as set out in the Trust deed of Keppel REIT, as such the issue price of the Consideration Units will not be at a discount to the VWAP.

As the issue price of the Consideration Units is determined by a pre-determined formula, the Vendor (or the Vendor Nominee) will not be given any preferential terms for the pricing of the Consideration Units. The Consideration Units will, upon issue and allotment, rank *pari passu* in all respects with the existing Units in issue, but excluding the right to any distributions which may accrue prior to the issuance of the Consideration Units.

Based on the above considerations, the Consideration Units and the Whitewash Resolution do not appear to be prejudicial to the interests of Keppel REIT and its minority Unitholders and Independent Unitholders respectively.

6.3 Financial effects of the Proposed Transactions

The financial effects of the Proposed Transactions are set out in Paragraph 5.1 of the Letter to Unitholders and summarised in paragraph 4.3 of this letter.

7. OTHER INTERESTED PARTY TRANSACTION

As set out in Appendix D, Keppel REIT entered into an Interested Party Transaction (“IPT”) with Keppel REIT Property Management Pte. Ltd. (a subsidiary of Keppel Land), during the course of the current financial year up to the Latest Practicable Date, which is subject to aggregation pursuant to Rule 906 of the Listing Manual.

The Manager has established an internal control system to ensure that all IPTs will be undertaken on normal commercial terms and will not be prejudicial to the interests of Keppel REIT and the Unitholders. As a general rule, the Manager must demonstrate to the Audit and Risk Committee that such transactions satisfy the foregoing criteria which may entail obtaining (where practicable) quotations from parties unrelated to the Manager, or obtaining one or more valuations from independent valuers (in accordance with the Property Funds Appendix).

Transaction with Keppel REIT Property Management Pte. Ltd.

We understand that as at the Latest Practicable Date, Keppel REIT has, in the current financial year, entered one other interested person transaction with Keppel Land group, details of which are set out below.

Keppel REIT Property Management Pte. Ltd. renewed its lease for #17-05/06 at Ocean Financial Centre for the period of three years from 16 April 2014 to 15 April 2017. Keppel REIT Property Management Pte. Ltd. is a subsidiary of Keppel Land and is hence considered an interested person of Keppel REIT.

The Manager commissioned C&W, an independent property valuer, to provide an independent opinion on the market rental rate for the lease terms.

We note that the rental rates under the renewed lease are in line with the acceptable market rental rates using the direct comparison method adopted by C&W. Accordingly, we are of the opinion that the terms of the IPT are on normal commercial terms and not prejudicial to the interest of Keppel REIT and its minority Unitholders.

8. OPINION

Having regard to our terms of reference, in arriving at our opinion, we have considered various factors deemed pertinent and to have significant bearing on our assessment of the Proposed Transactions. We have carefully considered the factors as deemed essential, and balanced them before reaching our opinion. Accordingly, it is important that this Letter, in particular, the considerations and information we have taken into account, be read in its entirety.

Our opinion is based solely on information made available to us as at the date of this Letter. The principal factors that we have taken into consideration in forming our opinion are summarised as below:

In relation to the Acquisition:

- (a) The rationale and benefits of the Acquisition;
- (b) The Agreed Value of S\$1,248.0 million is lower than the average of the open market values as appraised by the Independent Valuers;
- (c) The Acquisition is accretive to Keppel REIT's DPU based on the pro-forma financial impact as at 31 December 2013;
- (d) Based on the price per NLA implied by the Agreed Value as compared to the Similar Properties and Transacted Properties, the consideration does not appear to be prejudicial to the interests of Keppel REIT and its minority Unitholders;
- (e) The terms and conditions of the Amended and Restated Project and Asset Management Agreement does not appear to be prejudicial to the interests of Keppel REIT and its minority Unitholders; and
- (f) With the Rental Support, the rental rates will be in line with the acceptable market rental rates.

Having given due consideration to the rationale for the Acquisition and taking into account our evaluation of the Acquisition and subject to the qualifications set out in this Letter, we are of the opinion as of the date of this Letter that the Acquisition (including the Rental Support) is based on normal commercial terms and is not prejudicial to the interests of Keppel REIT and its minority Unitholders.

In relation to the issuance of Consideration Units and the Whitewash Resolution:

- (i) the rationale for the issuance of Consideration Units and the Whitewash Resolution;
- (ii) the basis for the determination of the issue price of the Consideration Units is the same basis as set out in the Trust deed of Keppel REIT;
- (iii) the Consideration Units issued to the Vendor (or the Vendor Nominee) will not be at a discount to the VWAP; and

- (iv) the Consideration Units will, upon issue and allotment, rank *pari passu* in all respects with the existing Keppel REIT units, but excluding the right to any distributions which may accrue prior to the issuance of the Consideration Units.

Having given due consideration to the rationale for the issuance of Consideration Units and the Whitewash Resolution and taking into account our evaluation of the Proposed Transactions and subject to the qualifications set out in this Letter, we are of the opinion as of the date of this Letter that the Consideration Units and the Whitewash resolution are fair and reasonable and based on normal commercial terms and are not prejudicial to the interests of Keppel REIT and its minority Unitholders and Independent Unitholders respectively.

We advise the Independent Directors to recommend that Unitholders vote in favour of the Proposed Transactions to be proposed at the EGM, the notice of which is set out in the Circular. However, we wish to highlight that each Unitholder may have different investment objectives and considerations and hence should seek their own professional advice.

The foregoing recommendation is addressed to the Independent Directors for the purpose of their consideration of the Proposed Transactions. The recommendation made by the Independent Directors to Unitholders shall remain the responsibility of the Independent Directors. This Letter may only be reproduced, disseminated or quoted in the form and context in which it appears in the Circular or with the prior written consent of PwCCF. This Letter and its entire content is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours truly
for and on behalf of
PricewaterhouseCoopers Corporate Finance Pte Ltd

Ling Tok Hong
Executive Director

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EXISTING INTERESTED PERSON TRANSACTIONS

The table below sets out details of all Existing Interested Person Transactions entered into between (1) Keppel REIT and (2) KCL, Keppel Land and their subsidiaries and associates, during the course of the current financial year up to the Latest Practicable Date, which are the subject of aggregation pursuant to Rule 906 of the Listing Manual.

No.	Interested Person	Nature of Transaction	Value of Transaction (S\$'000)
1	Keppel REIT Property Management Pte. Ltd.	Renewal of lease for #17-05/06 at Ocean Financial Centre for 3 years	646 ⁽¹⁾
Total			646

Note:

(1) Based on the total contracted value for the entire term of the lease.

Details of the Existing Interested Person Transactions

Keppel REIT Property Management Pte. Ltd. (“**KRPMPL**”) is a subsidiary of Keppel Land. As such, KRPMPL is an interested person of Keppel REIT.

KRPMPL renewed its lease for #17-05/06 at Ocean Financial Centre for the period of three years from 16 April 2014 to 15 April 2017.

Prior to signing of the lease agreement with KRPMPL, the Manager had commissioned Cushman, an independent valuer, to provide an independent opinion on the reasonableness of the terms of the lease agreement and to ensure they are on normal commercial terms.

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NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an **EXTRAORDINARY GENERAL MEETING** (“**EGM**”) of Keppel REIT will be held on Monday, 24 November 2014 at 11.00 a.m. at Raffles City Convention Centre, Stamford Ballroom (Level 4), 80 Bras Basah Road, Singapore 189560, for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions:

ORDINARY RESOLUTION 1

THE PROPOSED ACQUISITION OF A ONE-THIRD INTEREST IN MARINA BAY FINANCIAL CENTRE TOWER 3

That subject to and contingent upon the passing of Resolution 2 and Resolution 3:

- (i) approval be and is hereby given for the acquisition of 200 ordinary shares being one-third of the issued share capital in Central Boulevard Development Pte. Ltd. (“**CBDPL**”, and the acquisition of one-third of the issued share capital in CBDPL, the “**Acquisition**”), which holds MBFC Tower 3 (as defined in the circular dated 31 October 2014 (the “**Circular**”), from Bayfront Development Pte. Ltd. (the “**Vendor**”), on the terms and conditions set out in the share purchase agreement (the “**Share Purchase Agreement**”) dated 18 September 2014 made between RBC Investor Services Trust Singapore Limited, as trustee of Keppel REIT (the “**Trustee**”), Keppel Land Properties Pte Ltd (“**KLP**”) and the Vendor, and the entry into the Share Purchase Agreement be and is hereby approved and ratified;
- (ii) approval be and is hereby given for the entry into the Restated Shareholders’ Agreement (as defined in the Circular) with the other shareholders of CBDPL and their parent entities relating to the governance of their relationships as direct or indirect shareholders of CBDPL and CBDPL’s holding and management of MBFC Tower 3 upon Completion;
- (iii) approval be and is hereby given for the entry into the Undertaking Deed (as defined in the Circular) with KLP and the Vendor to ensure that all rights, benefits, obligations and liabilities relating to Marina Bay Suites Pte. Ltd. shall be excluded from the Acquisition;
- (iv) approval be and is hereby given for the payment of fees to Raffles Quay Asset Management Pte. Ltd. pursuant to the Amended and Restated Project and Asset Management Agreement (as defined in the Circular) as consideration for the due performance of certain services in relation to MBFC Tower 3;
- (v) approval be and is hereby given for the payment of all fees and expenses relating to the Acquisition; and
- (vi) Keppel REIT Management Limited, as the manager of Keppel REIT (the “**Manager**”), any director of the Manager, and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of Keppel REIT to give effect to the Acquisition.

ORDINARY RESOLUTION 2

THE PROPOSED ISSUANCE OF THE CONSIDERATION UNITS

That subject to and contingent upon the passing of Resolution 1 and Resolution 3:

- (i) approval be and is hereby given for the Manager to issue, in the manner described in the Circular, such number of Consideration Units (as defined in the Circular) to the Vendor (or its nominee which would be a wholly-owned subsidiary of Keppel Land Limited (the “**Vendor Nominee**”)) in relation to the Acquisition; and
- (ii) the Manager, any director of the Manager, and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of Keppel REIT to give effect to the issuance of the Consideration Units.

ORDINARY RESOLUTION 3

THE PROPOSED WHITEWASH RESOLUTION

That subject to the conditions in the letter from the Securities Industry Council dated 29 October 2014 being fulfilled, unitholders of Keppel REIT (“**Unitholders**”), other than Keppel Land Limited, parties acting in concert with it and parties which are not independent of Keppel Land Limited, hereby (on a poll taken) waive their rights to receive a mandatory offer from Keppel Land Limited and parties acting in concert with it for all the remaining issued units in Keppel REIT (“**Units**”) not owned or controlled by Keppel Land Limited and parties acting in concert with it, in the event that they incur a mandatory bid obligation pursuant to Rule 14 of the Singapore Code on Take-overs and Mergers as a result of:

- (i) the receipt by the Vendor (or the Vendor Nominee) of the Consideration Units as partial consideration for the Acquisition; and
- (ii) the receipt in Units by the Manager of the acquisition fee in relation to the Acquisition.

BY ORDER OF THE BOARD

Keppel REIT Management Limited
(as manager of Keppel REIT)
(Company Registration No. 200411357K)

Choo Chin Teck/Kelvin Chua Hua Yeow

Joint Company Secretaries

Singapore

31 October 2014

Important Notice:

- (1) A Unitholder entitled to attend and vote at the EGM is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder.
- (2) Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.
- (3) The instrument appointing a proxy must be lodged at the Manager's registered office at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 not less than 48 hours before the time appointed for the EGM.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

Notes to Proxy Form

1. A Unitholder entitled to attend and vote at the Extraordinary General Meeting (“**EGM**”) is entitled to appoint one or two proxies to attend and vote in his/her stead.
2. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.
3. A proxy need not be a Unitholder.
4. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against his/her name in the Depository Register maintained by The Central Depository (Pte) Limited (“**CDP**”), he/she should insert that number of Units. If the Unitholder has Units registered in his/her name in the Register of Unitholders of Keppel REIT, he/she should insert that number of Units. If the Unitholder has Units entered against his/her name in the said Depository Register and registered in his/her name in the Register of Unitholders, he/she should insert the aggregate number of Units. If no number is inserted, this Proxy Form (as defined in note 5 below) will be deemed to relate to all the Units held by the Unitholder.
5. The instrument appointing a proxy or proxies (the “**Proxy Form**”) must be deposited at the Manager’s registered office at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632, not less than 48 hours before the time set for the EGM.
6. Completion and return of the Proxy Form shall not preclude a Unitholder from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the EGM in person, and in such event, the Manager reserves the right to refuse to admit any person or persons appointed under the Proxy Form, to the EGM.
7. The Proxy Form shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or if the appointor is a corporation either under the common seal or under the hand of an officer or attorney so authorised. The Manager and the Trustee shall be entitled and be bound, in determining the rights to vote and other matters in respect of a completed Proxy Form submitted to it, to have regard to any instructions and/or notes set out in the Proxy Form. The Manager and the Trustee shall have the right to reject any Proxy Form which has not been duly completed.
8. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed, or a duly certified copy of such power of attorney must (failing previous registration with the Manager) be lodged with the Proxy Form; failing which the Proxy Form may be treated as invalid.
9. The Manager and the Trustee shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, each of the Trustee and the Manager: (a) may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his/her name in the Depository Register as at 48 hours before the time appointed for holding the EGM, as certified by CDP to the Manager; and (b) shall be entitled and bound to accept as accurate the number of Units entered against the name of that Unitholder as shown in the Depository Register as at a time not earlier than 48 hours prior to the time of the EGM, supplied by CDP to the Trustee and to accept as the maximum number of votes which in aggregate that Unitholder and his proxy/ies (if any) are able to cast on a poll a number which is the number of Units entered against the name of that Unitholder as shown in the Depository Register, whether that number is greater or smaller than that specified by the Unitholder or in the Proxy Form.
10. All Unitholders will be bound by the outcome of the EGM regardless of whether they have attended or voted at the EGM.
11. At any meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman or by five or more Unitholders present in person or by proxy and holding or representing one-tenth in value of the Units represented at the meeting. Unless a poll is so demanded, a declaration by the Chairman that such a resolution has been carried or carried unanimously or by a particular majority or lost shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
12. On a show of hands, every Unitholder who (being an individual) is present in person or by proxy or (being a corporation) is present by one of its officers as its proxy shall have one vote. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he/she is the Unitholder. A person entitled to more than one vote need not use all his/her votes or cast them the same way.
13. CPF Approved Nominees acting on the request of the CPF investors who wish to attend the EGM as observers are requested to submit in writing, a list with details of the CPF Investors’ names, NRIC/Passport numbers, addresses and number of Units held. The list (to be signed by an authorised signatory of the CPF Approved Nominee) should reach Keppel REIT’s Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not later than Saturday, 22 November 2014 at 11.00 a.m., being 48 hours before the time fixed for the EGM.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder’s personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder’s proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder’s breach of warranty.

PROXY FORM



(Constituted in the Republic of Singapore pursuant to a trust deed dated 28 November 2005 (as amended))

EXTRAORDINARY GENERAL MEETING

IMPORTANT:

- For investors who have used their CPF monies to buy units in Keppel REIT, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
- This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
- CPF Investors who wish to attend the Extraordinary General Meeting as observers have to submit their requests through their CPF Approved Nominees so that their CPF Approved Nominee may register, within the specified time frame, with Keppel REIT's Unit Registrar. (CPF Approved Nominees, please refer to Note No. 13 on the reverse side of this Proxy Form for further details.)
- CPF investors who wish to vote must submit their voting instructions to their CPF Approved Nominees to enable them to vote on their behalf.
- PLEASE READ THE NOTES TO THE PROXY FORM.**

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the investor accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 31 October 2014.

I/We _____ (Name(s) and NRIC Number(s)/Passport Number(s)/

Company Registration Number) of _____ (Address) being a unitholder/unitholders of Keppel REIT, hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Unitholdings	
			No. of Units	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Unitholdings	
			No. of Units	%

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and if necessary, to demand a poll, at the Extraordinary General Meeting of Keppel REIT to be held on Monday, 24 November 2014 at 11.00 a.m. at Raffles City Convention Centre, Stamford Ballroom (Level 4), 80 Bras Basah Road, Singapore 189560 and any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Extraordinary General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Extraordinary General Meeting.

Note: The Chairman of the Extraordinary General Meeting will be exercising his right under paragraph 12 of the Schedule of the trust deed dated 28 November 2005 (as amended) to demand a poll in respect of the resolutions described below to be put to the vote of the Unitholders at the Extraordinary General Meeting and at any adjournment thereof. Accordingly, such resolutions at the Extraordinary General Meeting will be voted on by way of poll.

	Resolutions	To be used in the event of a poll	
		Number of Votes For*	Number of Votes Against*
	ORDINARY RESOLUTION		
1	To approve the proposed Acquisition (Conditional upon Resolution 2 and Resolution 3 being passed)		
2	To approve the proposed issuance of the Consideration Units (Conditional upon Resolution 1 and Resolution 3 being passed)		
3	To approve the proposed Whitewash Resolution		

* If you wish to exercise all your votes "For" or "Against", please mark with an "X" within the relevant box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2014

Total number of Units held

Signature(s) of Unitholder(s)/Common Seal of Corporate Unitholder

3rd fold here (this flap for sealing). Glue all sides firmly

2nd fold here

Keppel REIT

BUSINESS REPLY SERVICE
PERMIT NO. 08556



The Company Secretary
Keppel REIT Management Limited
(As manager of Keppel REIT)
1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632

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Keppel REIT

MANAGED BY
KEPPEL REIT MANAGEMENT LIMITED
(Co. Reg. No. 200411357K)

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