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PROPOSED SPECIAL DIVIDEND *IN SPECIE* OF UNITS IN KEPPEL REIT

1. INTRODUCTION

1.1. Keppel Corporation Limited ("**KCL**" or the "**Company**", together with its subsidiaries, the "**KCL Group**") is pleased to announce a proposed special dividend *in specie* (the "**Proposed Distribution**") of approximately 352.4 million units in Keppel REIT ("**KREIT**" and units in KREIT, "**KREIT Units**") held by the Company (including, through its wholly-owned subsidiary), representing approximately 9.4% of the total issued and paid-up units in KREIT as at the date of this Announcement[1], to the shareholders of the Company (the "**Shareholders**").

1.2. The Proposed Distribution, which is subject to the conditions set out at paragraph 4.4 below, will be effected on the basis of one (1) KREIT Unit for every five (5) ordinary shares in the Company ("**Shares**") held by each Entitled Shareholder (as defined below) as at the record date to be determined by the directors of the Company for the purpose of determining the entitlement of the Shareholders for the Proposed Distribution ("**Record Date**"), fractional entitlements to be disregarded.

2. RATIONALE FOR THE PROPOSED DISTRIBUTION

The rationale, and expected benefits, of the Proposed Distribution to the Company and Shareholders are as follows:

2.1. Strategic Alignment and Capital Management

In line with the Company's pivot to be a leading global real asset manager and operator, the Company aims to deliver sustainable growth and high returns to its Shareholders. The Proposed Distribution is part of the Company's ongoing capital management. The Proposed Distribution also allows for the growth of the investor base of KREIT and an increase in its level of public float, both factors of which encourage improved trading liquidity of KREIT.

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[1] Unless otherwise specified, all references to percentage unitholding in KREIT in this Announcement are based on 3,757,411,697 issued KREIT Units as at the date of this Announcement.

Post the Proposed Distribution, the Company will remain the largest unitholder of KREIT with approximately 37.1% of KREIT Units, maintaining strong alignment with KREIT unitholders' interests. KCL remains fully committed as a sponsor of KREIT to further develop KREIT's growth.

2.2. Unlocking value for and rewarding Shareholders

The Proposed Distribution will enable Shareholders to directly participate in the ownership of, and enjoy returns from, securities held in both KCL and KREIT without any additional cash outlay.

Giving Shareholders a direct unitholding in KREIT will also enable Shareholders to directly influence the future direction of KREIT and benefit directly from any future corporate actions and exercises involving KREIT (for example, distributions etc.)

In addition to the reasons set out above, the Proposed Distribution serves as a one-off special dividend to commemorate the 55th anniversary of the establishment of the Company on 3 August 2023 and to thank Shareholders for their trust and support over the years.

3. INFORMATION ON KREIT

3.1. KREIT is one of Asia's leading real estate investment trusts with a portfolio of prime commercial assets in Asia Pacific's key business districts, and was listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 28 April 2006.

3.2. KREIT's objective is to deliver stable income and drive sustainable long-term total return for its unitholders by owning and investing in a portfolio of quality income-producing commercial real estate and real estate-related assets in Asia Pacific.

3.3. As at 31 December 2022, KREIT had a total portfolio value of $9.2 billion, comprising properties in Singapore; the key Australian cities of Sydney, Melbourne and Perth; Seoul, South Korea, as well as Tokyo, Japan.

3.4. KREIT is sponsored by Keppel Land Limited, a wholly-owned subsidiary of the Company. It is managed by Keppel REIT Management Limited, a wholly-owned subsidiary of Keppel Capital Holdings Pte. Ltd., which in turn is the asset management arm of the Company. Keppel Capital Holdings Pte. Ltd. has a diversified portfolio of real estate, infrastructure, data centres and alternative assets in key global markets.

3.5. Based on the audited consolidated financial statements of KREIT for its financial year ended 31 December 2022:

3.5.1. the revenue and net profit before tax of KREIT are approximately S$219 million and S$450 million respectively; and

3.5.2. the net asset value of KREIT attributable to its unitholders is approximately S$5,119 million as at 31 December 2022.

4. DETAILS OF THE PROPOSED DISTRIBUTION

4.1. Entitled Shareholders

Shareholders who hold Shares as at the Record Date will be entitled to the Proposed Distribution (the "**Entitled Shareholders**").

4.2. Method of Distribution and Distribution Ratio

As at the date of this Announcement, the Company holds, directly and indirectly, 1,746.7 million KREIT Units representing, in aggregate, approximately 46.49% of the total number of issued and paid-up KREIT Units as at the date of this Announcement.[2]

To facilitate the Proposed Distribution, the Company's indirectly-held wholly-owned subsidiary, Keppel REIT Investment Pte Ltd, will transfer approximately 352.4 million KREIT Units to the Company, representing approximately 9.4% of the total number of issued and paid-up KREIT Units as at the date of this Announcement.

The Proposed Distribution will be effected by way of a special dividend *in specie* to Entitled Shareholders of the KREIT Units on the basis of **one (1) KREIT Unit for every five (5) Shares** held by each Entitled Shareholder as at the Record Date, fractional entitlements to be disregarded. The final number of KREIT Units to be received by each Entitled Shareholder will depend on the total number of issued Shares held by the Entitled Shareholder as at the Record Date.

As at the date of this Announcement, the issued share capital of the Company comprises 1,762,197,344 Shares (excluding treasury Shares). Assuming that there is no change to the number of Shares in issue as at the date of this Announcement and the Record Date, for illustrative purposes, the Company will distribute up to approximately 352.4 million KREIT Units pursuant to the Proposed Distribution.

No payment will be required from Entitled Shareholders for the Proposed Distribution. The KREIT Units will be distributed free of encumbrances and together with all rights attaching thereto on and from the date the Proposed Distribution is completed and are, as such, freely transferable by the Entitled Shareholders if they so wish.

For avoidance of doubt, the Proposed Distribution by the Company to Shareholders is separate from any distribution made or to be made by the Company to its Shareholders and KREIT to its unitholders (including any cash distribution to be made in respect of the first half financial period ended 30 June 2023).

4.3. Appropriation from Retained Profits

To effect the Proposed Distribution as a special dividend *in specie* (characterized as a one-tier dividend), the Company will appropriate an amount out of the retained profits of the Company to meet the amount of dividend to be declared. The final appropriated amount is expected to be based on the value of the KREIT Units on the date the Proposed Distribution is completed (the "**Completion Date**").

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[2] As at the date of this Announcement, the Company holds KREIT Units in the following manner:
1) the Company directly holds 200 KREIT Units;
2) Keppel REIT Investment Pte. Ltd., an indirect wholly-owned subsidiary of Keppel Land Limited which in turn is a wholly-owned subsidiary of the Company, directly holds 1,476,216,367 KREIT Units, representing approximately 39.29% of the total number of issued and paid-up KREIT Units as at the date of this Announcement;
3) Keppel Capital Investment Holdings Pte. Ltd., a wholly-owned subsidiary of Keppel Capital Holdings Pte. Ltd which in turn is a wholly-owned subsidiary of the Company, directly holds 156,929,868 KREIT Units, representing approximately 4.18% of the total number of issued and paid-up KREIT Units as at the date of this Announcement; and
4) Keppel REIT Management Limited, a wholly-owned subsidiary of Keppel Capital Holdings Pte. Ltd which in turn is a wholly-owned subsidiary of the Company, directly holds 113,569,688 KREIT Units, representing approximately 3.02% of the total number of issued and paid-up KREIT Units as at the date of this Announcement.

4.4. Conditions to the Proposed Distribution

The Proposed Distribution is subject to and conditional upon, *inter alia*, the satisfaction or waiver of the following conditions precedent:

4.4.1. the approval of Shareholders by way of an ordinary resolution for the Proposed Distribution at an extraordinary general meeting of the Company to be convened ("**EGM**"); and

4.4.2. all other necessary waivers, consents and approvals from, *inter alia*, the SGX-ST and other third parties in connection with the Proposed Distribution being obtained.

4.5. Effects of the Proposed Distribution

On completion of the Proposed Distribution:

4.5.1. the KCL Group's unitholding in KREIT as mentioned at paragraph 4.2 above will decrease by approximately 9.4%; that is, from 1,746.7 million KREIT Units (being approximately 46.5% of the total number of issued and paid-up KREIT Units as at the date of this Announcement) to approximately 1,394.3 million KREIT Units (being approximately 37.1% of the total number of issued and paid-up KREIT Units as at the date of this Announcement); and

4.5.2. Entitled Shareholders will hold both Shares and KREIT Units.

The Proposed Distribution will not result in any change to the issued and paid-up share capital of the Company after the Proposed Distribution or to the number of Shares held by each Entitled Shareholder.

4.6. Notice of Record Date

Subject to the fulfilment of the conditions to the Proposed Distribution, the Company will, in due course, announce the Record Date in order to determine the entitlements of each Entitled Shareholder to the KREIT Units.

4.7. Odd Lots

KREIT Units are currently traded in board lots of 100 KREIT Units in the ready market. Entitled Shareholders may receive odd lots of KREIT Units pursuant to the Proposed Distribution (that is, lots other than board lots of 100 KREIT Units). Entitled Shareholders who receive odd lots of KREIT Units pursuant to the Proposed Distribution and who wish to trade such odd lots of KREIT Units on the SGX-ST are able to trade with a minimum size of one KREIT Unit on the Unit Share Market of the SGX-ST. Entitled Shareholders should note that the market for trading of odd lots of KREIT Units may be illiquid and trading in odd lots of KREIT Units may also incur a proportionately higher brokerage cost than trading in board lots of KREIT Units.

4.8. Overseas Shareholders

You will be regarded as an overseas shareholder if your registered address for the service of the notices and/or documents on the Register of Members of the Company or the Depository Register (as the case may be) is not in Singapore as at the Record Date (such Shareholder, an "**Overseas Shareholder**").

In order to avoid violating applicable securities laws outside Singapore, or where the directors of

the Company ("**Directors**") are of the view that such distribution may infringe any foreign law or may necessitate compliance with conditions or requirements which the Directors, in their absolute discretion, regard as onerous or impracticable by reason of costs, delay or otherwise, the Directors reserve the discretion not to distribute the KREIT Units to any Overseas Shareholder and to deal with such KREIT Units in the manner set out below.

In the event the Directors decide not to distribute the KREIT Units to any Overseas Shareholders, arrangements will be made for the KREIT Units which would otherwise be distributed to such Overseas Shareholders pursuant to the Proposed Distribution to be sold by such person(s) as may be appointed by the Directors. Thereafter the net proceeds of such sale, after deducting for all dealings and other expenses in connection therewith, shall be distributed proportionately among such Overseas Shareholders according to their respective entitlements to the KREIT Units as at the Record Date in full satisfaction of their rights under the Proposed Distribution.

The distribution of this Announcement and the Circular, and the Proposed Distribution, may be prohibited or restricted (either absolutely or subject to various securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. Shareholders are required to inform themselves of and to observe any such prohibition or restriction at their own expense and without any liability of the Company. It is the responsibility of Shareholders in such jurisdictions to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with other necessary formalities which are required to be observed and/or payment of any issue, transfer or other taxes due in such jurisdiction.

5. FINANCIAL EFFECTS OF THE PROPOSED DISTRIBUTION

5.1. Bases and Assumptions

The pro forma financial effects of the Proposed Distribution on selected financial measures of the KCL Group have been prepared based on the audited consolidated financial statements of the KCL Group for FY2022 and the audited consolidated financial statements of KREIT for FY2022 and are purely for illustrative purposes only and do not reflect the future actual financial position of the KCL Group following the completion of the Proposed Distribution.

The pro forma financial effects have also been prepared based on, *inter alia*, the following assumptions:

5.1.1. the Proposed Distribution of such KREIT Units will be based on the value of the KREIT Units on the Completion Date. For the pro forma financial purposes, assuming that the value of the KREIT Unit is trading at S$0.915 (being the last traded price of the KREIT Unit on the SGX-ST on 26 July 2023), the amount of the Proposed Distribution is approximately S$322.5 million;

5.1.2. the net borrowings, net gearing, net tangible assets (the "**NTA**") per Share of the KCL Group have been prepared on the assumption that the Proposed Distribution had been completed on 31 December 2022, being the end of the most recently completed financial year of the KCL Group; and

5.1.3. the earnings per Share (the "**EPS**") of the KCL Group has been prepared on the assumption that the Proposed Distribution had been completed on 1 January 2022, being the beginning of the most recently completed financial year of the KCL Group, and the distribution had been made at KREIT Unit's price of S$0.915 as at 26 July 2023.

5.2. **NTA per share**

For illustrative purposes only, assuming that the Proposed Distribution had been completed on 31 December 2022, the pro forma financial effects of the Proposed Distribution on the NTA and NTA per Share of the KCL Group is as follows:

	Before the Proposed Distribution	**After the Proposed Distribution**
NTA (S$ million)	9,614	9,194
NTA per Share[(1)] (S$)	**5.49**	**5.25**

Note:

(1) The figures are based on the issued share capital of 1,751,959,918 Shares (excluding treasury shares) as at 31 December 2022.

5.3. **EPS**

For illustrative purposes only, assuming that the Proposed Distribution had been completed on 1 January 2022, the pro forma financial effects of the Proposed Distribution on the EPS of the KCL Group are as follows:

	Before the Proposed Distribution	**After the Proposed Distribution**
Net profit[(1)] (S$ million)	927	792
EPS[(2)] (S$ cents)	**52.1**	**44.5**

Note:

(1) For the purposes of this calculation, "Net Profit" means profit after tax and non-controlling interest.

(2) The figures are based on the weighted average number of 1,777,508,986 Shares (excluding treasury shares) as at 31 December 2022.

5.4. **Net Debt Ratio**

For illustrative purposes only, assuming that the Proposed Distribution had been completed on 31 December 2022, the pro forma financial effects of the Proposed Distribution on the net debt ratio of the KCL Group are as follows:

	Before the Proposed Distribution	After the Proposed Distribution
Net debt (S$ million)	9,238	9,238
Net debt-to-equity ratio (times)	**0.78x**	**0.80x**

5.5. **Share Capital**

The Proposed Distribution will not have any impact on the number of Shares held by Shareholders after the Proposed Distribution or on the share capital of the Company.

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

6.1. **Interests of Directors and Substantial Shareholders in the Shares**

The interests in Shares held by the Directors as at the date of this Announcement are set out below:

Directors	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%[3]	No. of Shares	%[3]	No. of Shares	%[3]
Danny Teoh Leong Kay	163,825	0.01	–	–	163,825	0.01
Loh Chin Hua	3,967,246	0.23	38,500[1]	n.m.[4]	4,005,746	0.23
Till Bernhard Vestring	112,000	0.01	–	–	112,000	0.01
Veronica Eng Siang Yang	66,000	n.m.[4]	–	–	66,000	n.m.[4]
Jean-François Manzoni	131,000	0.01	–	–	131,000	0.01
Teo Siong Seng	21,000	n.m.[4]	21,483[2]	n.m.[4]	42,483	n.m.[4]
Tham Sai Choy	179,570	0.01	–	–	179,570	0.01
Penny Goh	53,000	n.m.[4]	–	–	53,000	n.m.[4]
Shirish Apte	11,000	n.m.[4]	–	–	11,000	n.m.[4]
Olivier Blum	4,000	n.m.[4]	–	–	4,000	n.m.[4]
Jimmy Ng	4,000	n.m.[4]	–	–	4,000	n.m.[4]
Ang Wan Ching	–	–	–	–	–	–

Notes:

(1) Loh Chin Hua is deemed to have an interest in the 38,500 Shares held in an account jointly owned by him and his spouse.

(2) Teo Siong Seng is deemed to have an interest in the 21,483 Shares held in the name of the estate of Teo Woon Tiong, as he is one of the joint executors of the estate.

(3) The figures are based on 1,762,197,344 issued Shares (excluding treasury shares) as at the date of this Announcement.

(4) "n.m." means not meaningful.

Based on the Register of Substantial Shareholders as at the date of this Announcement, the interests in Shares held by Shareholders holding directly or indirectly 5% or more of the Shares (the "**Substantial Shareholders**") are as set out below:

Substantial Shareholders	Direct Interest No. of Shares	%[3]	Deemed Interest No. of Shares	%[3]	Total Interest No. of Shares	%[3]
Temasek Holdings (Private) Limited	371,408,292	21.08	4,138,307[1]	0.23	375,546,599	21.31
BlackRock, Inc	–	–	88,473,960[2]	5.02	88,473,960	5.02

Notes:

(1) Temasek Holdings (Private) Limited is deemed to have an interest in the Shares in which its subsidiaries and associated companies have or are deemed to have an interest, by virtue of section 4 of the SFA.

(2) BlackRock, Inc is deemed to have an interest in the Shares in which its subsidiaries and associated companies have or are deemed to have an interest, by virtue of section 4 of the SFA.

(3) The figures are based on 1,762,197,344 issued Shares (excluding treasury shares) as at the date of this Announcement.

6.2. **Interests of the Directors and Substantial Shareholders in KREIT Units**

The interests of the Directors in KREIT Units as at the date of this Announcement are set out below:

Directors	Direct Interest		Deemed Interest		Total Interest	
	No. of KREIT Units	%[3]	No. of KREIT Units	%[3]	No. of KREIT Units	%[3]
Danny Teoh Leong Kay	8,911	n.m.[4]	-	-	8,911	n.m.[4]
Loh Chin Hua	507,000	0.01	556,160[1]	0.01	1,063,160	0.02
Till Bernhard Vestring	–	–	–	–	–	–
Veronica Eng Siang Yang	–	–	–	–	–	–
Jean-François Manzoni	–	–	–	–	–	–
Teo Siong Seng	–	–	6,014[2]	n.m.[4]	6,014	n.m.[4]
Tham Sai Choy	–	–	–	–	–	–
Penny Goh	293,808	n.m.[4]	-	–	293,808	n.m.[4]
Shirish Apte	–	–	–	–	–	–
Olivier Blum	–	–	–	–	–	–
Jimmy Ng	–	–	–	–	–	–
Ang Wan Ching	–	–	–	–	–	–

Notes:

(1) Loh Chin Hua is deemed to have an interest in the 556,160 KREIT Units held by an investment holding company jointly owned by him with his spouse.

(2) Teo Siong Seng is deemed to have an interest in the 6,014 KREIT Units held in the name of the estate of Teo Woon Tiong, as he is one of the joint executors of the estate.

(3) The figures are based on 3,757,411,697 issued KREIT Units as at the date of this

Announcement.

(4) "n.m." means not meaningful.

The interests of the Substantial Shareholders in KREIT Units are as set out below:

Substantial Shareholders	Direct Interest No. of KREIT Units	%[(2)]	Deemed Interest No. of KREIT Units	%[(2)]	Total Interest No. of KREIT Units	%[(2)]
Temasek Holdings (Private) Limited	-	-	1,787,653,355[(1)]	47.58	1,787,653,355	47.58
BlackRock, Inc	-	-	-	-	-	-

Notes:

(1) Temasek Holdings (Private) Limited is deemed to have an interest in the KREIT Units in which its subsidiaries and associated companies have or are deemed to have an interest in, by virtue of section 4 of the SFA. The number of KREIT Units set out here is based on the latest notification provided by Temasek Holdings (Private) Limited (as a substantial shareholder of KREIT) to KREIT on 3 March 2023 pursuant to the Securities and Futures Act.

(2) The percentage is calculated based on 3,757,411,697 issued KREIT Units as at the date of this Announcement.

Save as set out above, none of the Directors or Substantial Shareholders of the Company has any interest, direct or indirect, in the Proposed Distribution, other than through their respective direct or indirect shareholdings and/or unitholdings (if any) in the Company and KREIT.

7. CIRCULAR AND FURTHER INFORMATION

A circular to Shareholders (the "**Circular**") containing further details in respect of the Proposed Distribution, together with a notice of the EGM to be convened, will be despatched to the Shareholders in due course.

In the meantime, Shareholders are advised to refrain from taking any action in relation to their Shares which may be prejudicial to their interests until they or their advisers have considered the information and the recommendations to be set out in the Circular.

BY ORDER OF THE BOARD

Karen Teo / Samantha Teong
Company Secretaries
27 July 2023