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ACQUISITION OF SHARES RESULTING IN COMPANIES BECOMING SUBSIDIARIES

Keppel Corporation Limited (the "**Company**") wishes to announce that DC REIT Holdings Pte. Ltd. ("**DCRH**"), a wholly-owned subsidiary of Keppel Land Limited ("**Keppel Land**"), has on 20 December 2018 entered into a sale and purchase agreement ("**PRE 1 SPA**") to acquire the remaining 35,297,514 ordinary shares and 478 preference shares ("**PRE 1 Sale Shares**") in the capital of PRE 1 Investments Pte. Ltd. ("**PRE 1**"), representing 77.6% of the issued share capital of PRE 1, from Divine (AMT) Limited ("**PRE 1 Vendor**"), for an aggregate cash consideration of S$56.6 million, subject to certain adjustments as agreed between the parties ("**PRE 1 Consideration**").

On the same day, DCRH has also entered into a sale and purchase agreement ("**Katong AMC SPA**") to acquire the remaining 77 ordinary shares ("**Katong AMC Sale Shares**") in the capital of Katong AMC Pte. Ltd. ("**Katong AMC**"), representing 77% of the issued share capital of Katong AMC, from Zenith (AMT) Pte. Ltd. ("**Katong AMC Vendor**"), for a nominal cash consideration of S$1.00 ("**Katong AMC Consideration**").

PRE 1 holds the property currently known as "I12 Katong" located at 112 East Coast Road Singapore 0428802 (the "**Property**") indirectly through Katong Retail Trust ("**KRT**"), a special purpose trust established in Singapore constituted by a trust deed dated 6 November 2009 made between DBS Trustee Limited (as trustee) and Katong AMC (in its capacity as trust manager) as amended, varied or supplemented from time to time.

Katong AMC is the trust manager of KRT. Katong AMC has also, through an asset management agreement dated 29 January 2010 made between, *inter alia*, DBS Trustee Limited (as trustee of KRT) and Katong AMC as amended, varied or supplemented from time to time, agreed to provide certain asset management services for the Property (including supervising and overseeing the management of the Property).

PRE 1 Vendor and Katong AMC Vendor are subsidiaries of Alpha Asia Macro Trends Fund Private Limited ("**AAMTF**").

The PRE 1 Consideration was arrived at on a willing-buyer and willing-seller basis, taking into account the estimated net asset value of PRE 1 and KRT as at 31 October 2018 (subject to certain adjustments) as agreed between the parties to the PRE 1 SPA, and agreed property value for the acquisition of S$360.0 million (based on 100% of the Property). The agreed property value is in line with the valuation of the Property as at 18 December 2018 of S$360.0 million (based on 100% of the Property) based on a valuation report ("**Valuation Report**") issued by Knight Frank Pte Ltd (the "**Independent Valuer**"). The Independent Valuer has been commissioned by Keppel Land to establish a fair market value for the Property and the methods used by the Independent Valuer were the comparable sales method and capitalisation method. The unaudited consolidated net asset value of PRE 1 and KRT as at 31 October 2018 was approximately S$136.6 million.

The Katong AMC Consideration was arrived at on a willing-buyer and willing-seller basis, and was negotiated together with the PRE 1 Consideration in view that the disposal of the Katong AMC Sale Shares by Katong AMC Vendor is part of AAMTF's exit from the Property. The unaudited net asset value of the Katong AMC Sale Shares as at 31 October 2018 (after adjusting for the dividend payout in November 2018) was S$152.

Following completion of the above acquisitions:

(i) DCRH's shareholding interest in PRE 1 has increased from 22.4% to 100% and PRE 1 and KRT are now indirectly wholly-owned by the Company; and

(ii) DCRH's shareholding interest in Katong AMC has increased from 23% to 100% and Katong AMC is now an indirect wholly-owned subsidiary of the Company.

The Property is strategically located in an affluent and thriving residential precinct whose connectivity will be further enhanced with the completion of the upcoming Thomson-East Coast Line. Following the consolidation of ownership in the Property, Keppel Land will explore ways to further improve the Property through asset enhancement works and the introduction of new concept offerings.

Save as disclosed, none of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the aforementioned transactions other than through their shareholding interests in the Company.

Arising from the aforementioned transactions, the Company expects to record a loss of S$16.8 million from the re-measurement of its previously held interests in PRE 1 and KRT. Based on the latest audited financial statements of the Company for the financial year ended 31 December 2017 ("**FY2017**"):

(i) had the aforementioned transactions been completed on 31 December 2017, the net tangible asset per share as at 31 December 2017 would have remained unchanged at S$6.21 (before and after the aforementioned transactions); and

(ii) had the aforementioned transactions been completed on 1 January 2017, the earnings per share for FY2017 would have decreased from 11.9 cents (before the aforementioned transactions) to 9.1 cents (after the aforementioned transactions).

Copies of the PRE 1 SPA, the Katong AMC SPA and the Valuation Report may be inspected at the registered office of the Company at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower Singapore 098632 during normal business hours for a period of three (3) months from the date of this announcement.