
SHARE SWAP INVOLVING KEPPEL BAY TOWER AND HARBOURFRONT TOWERS 1 AND 2

1. INTRODUCTION

Keppel Corporation Limited (“**KCL**” and the “**Company**”) wishes to announce that:

- (i) K-Commercial Management Pte Ltd (“**KCM**”), has today entered into, and completed, a share purchase agreement (the “**HF1 Agreement**”) with The Harbourfront Pte Ltd (“**HBF**”), a subsidiary of Mapletree Investments Pte Ltd (“**Mapletree**”), to acquire 25,370,280 fully paid ordinary shares in Harbourfront One Pte Ltd (“**HF1**”) from HBF, representing 30% of the issued and paid up share capital of HF1 (the “**HF1 Transaction**”); and
- (ii) Keppel Point Pte Ltd (“**Keppel Point**”), has today entered into, and completed, a share purchase agreement (the “**HF2 Agreement**”) with HBF to sell 33,801,690 fully paid ordinary shares and 33,774 fully paid preference shares in Harbourfront Two Pte Ltd (“**HF2**”) to HBF, representing 39% of the issued and paid up share capital of HF2 (the “**HF2 Transaction**”),

(the HF1 Transaction and the HF2 Transaction collectively known as the “**Transactions**” and the “**Share Swap**”). KCM and Keppel Point are subsidiaries of the Company. The issued and paid up share capital of KCM is 100% held by Keppel Land Limited (“**Keppel Land**”) while the issued and paid up share capital of Keppel Point is 70% held by the Company and 30% held by Keppel Land. The Company has a 99.27% interest in the issued and paid up share capital of Keppel Land.

Following completion of the Transactions, KCL and its subsidiaries (the “**Group**”) now hold 100% of the issued and paid up share capital of HF1 and no longer have any interest in HF2.

The principal activities of HF1 and HF2 are property ownership and development of properties for investments. HF1 owns Keppel Bay Tower (the “**HF1 Property**”) and HF2 owns Harbourfront Towers 1 and 2 (the “**HF2 Property**”). Keppel Bay Tower and Harbourfront Tower 1 are two 18-storey mirror image office buildings with floor plates ranging from 15,000 to 40,000 square feet whereas Harbourfront Tower 2 is a smaller 16-storey office building with a 11,000 square feet floor plate and a cable car station on the 15th storey, offering a total of about 910,200 square feet of quality office space in the Keppel Bay / Harbourfront precinct.

2. PRINCIPAL TERMS OF THE TRANSACTIONS

2.1 Agreed Value

The agreed market values of Keppel Bay Tower, Harbourfront Tower 1 and Harbourfront Tower 2 are S\$610.6 million, S\$556.4 million and S\$183.4 million respectively (each, an “**Agreed Value**”), based on valuations commissioned from independent property valuers.

2.2 Aggregate Consideration

The aggregate consideration payable to HBF for the HF1 Transaction is approximately S\$180.9 million (the “**HF1 Consideration**”) and comprises the HF1 Share Consideration and the HF1 Loan Consideration, as described in paragraphs 2.3 and 2.4 below respectively, and is payable in full by KCM to HBF upon completion of the HF1 Transaction.

The aggregate consideration payable to Keppel Point for the HF2 Transaction is approximately S\$225.7 million (the “**HF2 Consideration**”) and comprises the HF2 Share Consideration, as defined in paragraph 2.3 below, and is payable in full by HBF to Keppel Point upon completion of the HF2 Transaction.

The HF1 Consideration payable to HBF under the HF1 Agreement was set off against the HF2 Consideration payable to Keppel Point under the HF2 Agreement, and the balance amount after such setting off was paid in cash by HBF to Keppel Point.

The actual amount of each of the HF1 Consideration and the HF2 Consideration is subject to adjustments to reflect the actual HF1 Share Consideration and the HF2 Share Consideration at completion, respectively, as described in paragraph 2.3 below.

2.3 Share Consideration

The HF1 Share Consideration, which was negotiated on a willing-buyer and willing-seller basis, is a cash sum equal to 30% of the unaudited net assets of HF1 as at the date of completion of the HF1 Transaction, after taking into consideration the Agreed Value of the HF1 Property.

The HF2 Share Consideration, which was negotiated on a willing-buyer and willing-seller basis, is a cash sum equal to 39% of the unaudited net assets of HF2 as at the date of completion of the HF2 Transaction, after taking into consideration the Agreed Value of the HF2 Property.

2.4 Loan Consideration

Under the terms of the HF1 Agreement, HBF has assigned to KCM (or its nominee) all its rights, title and interest in the principal amount of the shareholder’s loan made by HBF to HF1 together with all accrued but unpaid interest thereon as at the date of completion of the HF1 Transaction (collectively, the “**HF1 Loan**”). As consideration for this assignment, KCM has paid HBF a cash sum equal to the HF1 Loan (the “**HF1 Loan Consideration**”) as at the date of completion of the HF1 Transaction.

3. RATIONALE

Keppel Bay Towers and Harbourfront Towers 1 and 2 were developed jointly by Keppel with Mapletree and completed in 2002 as part of the Keppel Bay / Harbourfront development.

The Share Swap will enable the Group to increase its interest in HF1 from the current 70% to 100%, thus consolidating its full ownership over Keppel Bay Tower. The share swap presents an attractive opportunity for Keppel Group to unwind the cross holdings with Mapletree and augment Keppel Land's sterling portfolio of prime commercial properties.

4. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS

Mapletree is a wholly-owned subsidiary of Temasek Holdings (Private) Limited ("**Temasek**"). Mr Tow Heng Tan, a Director of the Company, is the Chief Executive Officer of Pavilion Capital International Pte Ltd, a wholly-owned subsidiary of Temasek.

Save as disclosed above, and based on the information available to the Company as at the date of this Announcement, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Transactions (other than through their shareholdings in the Company).

5. INTERESTED PERSON TRANSACTIONS

Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") governs interested person transactions. Under Chapter 9 of the Listing Manual, Temasek is regarded as a "controlling shareholder" of the Company. As Mapletree is a wholly-owned subsidiary of Temasek, each of the HF1 Transaction and the HF2 Transaction is an "interested person transaction" for the purposes of Chapter 9 of the Listing Manual.

5.1 Audit Committee's Statements

Pursuant to Rule 917(4)(a) of the Listing Manual, the Audit Committee of the Company, having considered the terms of the HF1 Agreement and the HF2 Agreement, is of the view that the Transactions are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

5.2 Current Total of Interested Persons Transactions

Other than transactions of less than S\$100,000, and transactions carried out under the Company's shareholders' mandate for transactions with interested persons, the following table sets out the current total of all transactions for the financial year ending 31 December 2015 with the particular interested person whose transaction is the subject of this announcement and the current total of all interested person transactions for the same financial year, as at the date of this announcement:

Interested Person Transaction	S\$ million
Mapletree Investments Pte Ltd Group	
- Investment transaction	180.9
- Divestment transaction	225.7
Total interested person transactions	406.6

6 FINANCIAL EFFECTS

The Transactions are not expected to have any material impact on the net tangible assets per share or earnings per share of the Company for the current financial year.

7 GENERAL

A copy of each of the HF1 SPA and the HF2 SPA is available for inspection at the registered office of the Company during normal business hours for a period of three months from the date of this Announcement.

By Order of the Board

Caroline Chang / Kelvin Chua
Company Secretaries
30 December 2015