

OPENING REMARKS BY MR LOH CHIN HUA, CEO OF KEPPEL CORPORATION, AT THE BRIEFING TO MEDIA AND ANALYSTS ON 10th NOVEMBER 2021 ON THE FINAL OFFER OF S\$2.351/SHARE FOR SPH

Introduction

We have issued the joint announcement between Keppel and SPH on the revision to the terms of the scheme, as well as Keppel's own announcement and media release last night.

I will not go over all the details in the announcements, but let me highlight two key points: First, why we believe this is a compelling offer for SPH's shareholders; and second, why we think this remains a strategic and attractive acquisition for Keppel, and the rationale for our revised consideration.

Rationale for SPH's shareholders

First, for SPH's shareholders, Keppel's Final Consideration provides a compelling offer, with the highest deal certainty and, if the transaction is approved, the fastest payout by mid-January 2022.

Keppel has raised the Final Consideration, which represents a 12% increase from the Initial Consideration, with a significant 57% premium to the undisturbed trading price on 30 March 2021 and a 9% premium to the last trading price on 9 November 2021. This takes into account strengthening global economic conditions and SPH's improved performance, as disclosed at its full year results briefing last month. Moreover, from the pre-integration discussions we have had with the SPH team in recent months, since the deal was first announced, business synergies have become even clearer.

SPH shareholders will continue to receive the same mix of Keppel REIT and SPH REIT units, with additional cash of twenty cents per share.

I would add that SPH shareholders will be receiving Keppel REIT units at an attractive valuation of 10% discount to its net asset value as of 30 September 2021.

SPH shareholders will be able to participate in the potential growth of both Keppel REIT and SPH REIT as well as receive distributions from Keppel REIT and SPH REIT following the completion of the transaction.

Another key benefit of Keppel's offer is that it provides the highest transaction certainty for SPH shareholders.

The Final Consideration is a firm and irrevocable offer with both the Implementation Agreement and Supplemental Implementation Agreement having been signed by the Offeror and SPH. Keppel has obtained regulatory approvals from MAS and Australia's FIRB, while no further approval is required from IMDA for SPH's M1 stake, as Keppel is already the majority shareholder.

In contrast, any competing offeror would need to seek various approvals for the transaction, which could take several months, and there is no assurance that any such approval would be obtained.

Moreover, Keppel has waived the condition relating to no occurrence of any event having a "material adverse effect" on SPH in the Implementation Agreement, which gives substantially more deal certainty to SPH shareholders.

Subject to approvals by Keppel's and SPH's shareholders at their respective extraordinary general meetings, the sanction of the Scheme by the High Court of Singapore and the completion of SPH's media restructuring exercise, the effective date of the implementation of the scheme is expected to be in end-December 2021 or early-January 2022.

If the approvals are obtained, SPH shareholders can then expect to receive payment for the consideration by mid-January 2022.

SPH has acknowledged that Keppel's final offer is superior to the competing offer from Cuscaden Peak and will undertake to call for the SPH scheme meeting.

An earlier resolution of this transaction is beneficial not just to SPH shareholders, but also to SPH, as prolonged uncertainty and instability would affect staff morale and would not be conducive to SPH's business or to preserving value.

Moreover, the anticipated lifting of the Newspaper and Printing Presses Act's restrictions on share ownership in December 2021 could bring about further uncertainties for SPH.

Keppel is thus supportive of having the scheme meeting as soon as possible, no later than 8 December 2021.

Rationale for Keppel's shareholders

Let me now address what this means for Keppel's shareholders.

We have held several briefings for analysts and media, as well as institutional and retail investors, and explained the rationale for the proposed acquisition. These considerations have not changed.

SPH remains a strategic and rare opportunity for Keppel to acquire a quality platform that is strongly aligned and complementary to Keppel's business model and capabilities. There is a very good fit between Keppel's business and SPH's, and we believe Keppel is uniquely placed to grow and unlock value from SPH's portfolio, through harnessing the synergies between the two groups. Our consolidation of ownership of M1 and the Genting Lane Data Centre asset would also yield considerable operational benefits, which would not be as apparent if the assets were held by different parties.

The way we have structured the transaction also allows us to implement the acquisition without overstraining our balance sheet. In our Final Consideration, we have maintained the same structure of offering a combination of Keppel REIT and SPH REIT units, with an increased cash component.

We continue to see value in the SPH portfolio. With the Final Consideration, the proposed transaction remains attractive and earnings accretive on a pro forma basis for Keppel. The increase in cash consideration would result in only a marginal increase in pro forma net gearing post-transaction of 0.03x. Pro forma net gearing will remain below 1x, and would continue falling over time as we continue our asset monetisation programme.

To put this in perspective, the incremental cost arising from the revised offer would be approximately S\$323 million, which would be funded through a combination of cash and borrowings.

Since we launched the asset monetisation programme in September 2020, Keppel has announced about S\$2.4 billion in asset monetisation and received about S\$1.6 billion of this in cash. We have further announced that we are on track to exceed the target of S\$5 billion by the end of 2023.

We would therefore have the capacity to pursue other Vision 2030 growth opportunities in areas such as renewables and decarbonisation solutions, as well as continue rewarding shareholders for their confidence in Keppel.

Let me emphasise that while this is an attractive acquisition and important transaction, Keppel will remain very disciplined and will not acquire SPH at any cost. Neither would we want to drag out this process for too long, which would not be in any party's interest. We have therefore made it clear that this is the Final Consideration.

What we seek is a win-win proposal for both Keppel and SPH shareholders, which I believe describes the revised proposal on the table.

Thank you. We will now open the floor for questions.