



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

THE PROPOSED ACQUISITION OF KEPPEL BAY TOWER

1. INTRODUCTION

Keppel REIT Management Limited, in its capacity as manager of Keppel REIT (the "**Manager**"), is pleased to announce that RBC Investor Services Trust Singapore Limited, in its capacity as trustee of Keppel REIT (the "**Trustee**"), has on 23 December 2020 entered into a conditional sale and purchase agreement (the "**Sale and Purchase Agreement**") with (i) Agathese Pte. Ltd. (the "**Vendor**") and (ii) Keppel Land (Singapore) Pte. Ltd. ("**KLS**"), each of which is a wholly-owned subsidiary of Keppel Land Limited, the sponsor of Keppel REIT (the "**Sponsor**"), to acquire Keppel Bay Tower (the "**Property**") in Singapore through the acquisition of 100.0% of the ordinary shares (the "**Sale Shares**") in the issued share capital of Keppel Bay Tower Pte. Ltd. ("**KBTPL**", and the acquisition of the Sale Shares, the "**Acquisition**") which holds the Property. On completion of the Acquisition ("**Completion**"), all the Sale Shares will be transferred to the Trustee, on behalf of Keppel REIT, and/or such entities to be nominated by the Trustee (the "**Nominees**"). In connection with the Acquisition, KLS has guaranteed and undertaken to the Trustee the due and punctual payment to the Trustee, the Nominees and/or KBTPL of all sums which are or may become payable by the Vendor to the Trustee, the Nominees and/or KBTPL under or pursuant to the Sale and Purchase Agreement (including any claims for breach of the Vendor's warranties, covenants or undertakings as well as any indemnity claims under the Sale and Purchase Agreement).

In connection with the foregoing, the Trustee has established the following Nominees for the purposes of acquiring all the Sale Shares:

- (i) a sub-trust (the "**Sub-Trust Nominee**") constituted in Singapore pursuant to a deed of trust, with RBC Investor Services Trust Singapore Limited, as trustee of the Sub-Trust Nominee, and Keppel REIT Management Limited as manager of the Sub-Trust Nominee. The sole unitholder of the Sub-Trust Nominee shall be Keppel REIT (acting through the Trustee); and
- (ii) a wholly-owned company (the "**Subsidiary Nominee**") incorporated in Singapore, with Keppel REIT (acting through the Trustee) as the sole shareholder.

For the purposes of this announcement, and unless otherwise stated, the "**Existing Portfolio**" means Keppel REIT's (i) 79.9% interest in Ocean Financial Centre, Singapore, (ii) one-third interest in Marina Bay Financial Centre (comprising Towers 1, 2 and 3 and Marina Bay Link Mall), Singapore, (iii) one-third interest in One Raffles Quay, Singapore, (iv) 50.0% interest in 8 Chifley Square, Sydney, (v) 50.0% interest in 8 Exhibition Street, Melbourne and a 100.0% interest in three adjacent retail units, (vi) 50.0% interest in 275 George Street, Brisbane, (vii) 50.0% interest in David Malcolm Justice Centre, Perth, (viii) 50.0% interest in Victoria Police

Centre, Melbourne, (ix) 100.0% interest in Pinnacle Office Park¹, Sydney and (x) 99.4% interest in T Tower, Seoul. The "**Enlarged Portfolio**" comprises the Existing Portfolio and the Property.

2. THE PROPOSED ACQUISITION OF THE PROPERTY THROUGH THE ACQUISITION OF THE SALE SHARES, AS AN INTERESTED PERSON TRANSACTION

2.1 Description of the Property

The Property is a Grade A green commercial building located in the Keppel Bay precinct at 1 HarbourFront Avenue. It is the first commercial development in Singapore to be certified as a Green Mark Platinum (Zero Energy) building by the Building and Construction Authority of Singapore ("**BCA**"). In January 2020, it also earned the distinction of being Singapore's first commercial development to be fully powered by renewable energy.

The Property offers a coveted waterfront locale with unobstructed views of Keppel Bay and Sentosa Island. It has excellent transportation connectivity and is an approximate 10-minute drive from Singapore's central business district ("**CBD**"), being well-served by expressways and major roads such as the Ayer Rajah Expressway, the Marina Coastal Expressway and the West Coast Highway. The Property is easily accessible by public transportation, with seamless and sheltered access to the nearby HarbourFront bus interchange and mass rapid transit ("**MRT**") station which serves the North-East Line and the Circle Line, as well as the HarbourFront Cruise and Ferry Terminal. The Property is also near Sentosa Island and large shopping malls such as VivoCity and HarbourFront Centre, which provide amenities to the tenants of the Property. The Property is strategically located within Singapore's Greater Southern Waterfront ("**GSW**"), which is envisioned to be a seamless extension of the CBD and expected to open up new live-work-play opportunities under the Urban Redevelopment Authority's ("**URA**") Master Plan².

The Property has a land tenure of 99 years leasehold commencing 1 October 1997. It comprises an 18-storey office tower with a six-storey podium block and basement carpark. The Property has an aggregate net lettable area ("**NLA**") of 386,600 square feet ("**sq ft**") comprising 383,899 sq ft of office space and 2,701 sq ft of retail space. It also has 208 car park lots. Since its completion in 2002, the Property has attracted a strong and diverse tenant base currently comprising many well-known and reputable multinational corporations. As at 30 September 2020, the Property enjoys a committed occupancy rate of 99.2%. Key tenants of the Property include major companies and multinational corporations such as Keppel Corporation Limited ("**KCL**") and its related corporations³ (the "**Keppel Group**"), BMW Asia Pte Ltd ("**BMW Asia**"), Mondelez International AMEA Pte. Ltd. ("**Mondelez International**"), Pacific Refreshments Pte. Ltd. ("**Pacific Refreshments**") and Syngenta Asia Pacific Pte. Ltd. ("**Syngenta**").

Since the completion of its development, the Property has undergone several refurbishments, including lobby and lift upgrades, to offer an enhanced experience to its tenants. Recently refurbished in 2019, the Property has been upgraded with environmentally friendly features. In

¹ On 13 September 2020, the Manager announced that it had entered into a contract for sale with Trust Company Limited as custodian of the Goodman Australia Industrial Trust No.3 to acquire a 100.0% interest in Pinnacle Office Park. Completion of the acquisition of Pinnacle Office Park is targeted to take place in the fourth quarter of 2020.

² The URA's Master Plan is a statutory land use plan that guides Singapore's developments in the medium term over the next 10 to 15 years.

³ A "**related corporation**" has the meaning of "related corporation" as defined in the Companies Act, Chapter 50 of Singapore.

addition to the green credentials mentioned above, the Property also received the 2018 ASEAN Energy Award for Energy Efficient Buildings (Retrofitted Building Category).

2.2 Structure of the Acquisition

Pursuant to the Sale and Purchase Agreement dated 23 December 2020, the Trustee will acquire the Property through the acquisition of the Sale Shares by the Trustee and/or the Nominees.

The consideration payable by the Trustee and/or the Nominees for the Sale Shares (the "**Share Consideration**") is the adjusted net asset value of KBTPL as at the date of Completion (the "**Completion Date**") (the "**Adjusted Net Asset Value**"). The Adjusted Net Asset Value shall take into account, among others, the agreed value of the Property of S\$657.2 million (the "**Agreed Property Value**") and KBTPL's net liabilities. The Share Consideration is to be satisfied fully in cash, and for illustrative purposes only, is estimated to be S\$601.0 million, assuming Completion had taken place on 31 October 2020. The pro forma Share Consideration which is payable on the Completion Date is subject to finalisation to arrive at the Adjusted Net Asset Value as at Completion⁴.

In addition to the payment of the Share Consideration to the Vendor, the Trustee will at Completion pay Kephinance Investment Pte Ltd ("**KIPL**"), a direct wholly-owned subsidiary of KCL, up to S\$50.5 million⁵ as full settlement of the interest-bearing inter-company loan owed by KBTPL to KIPL (the "**Inter-company Loan**").

The total consideration payable by the Trustee and/or the Nominees in respect of the Acquisition (the "**Total Consideration**") is therefore the aggregate of the Share Consideration and the amount to fully repay the Inter-company Loan.

As soon as practicable following Completion, KBTPL will be converted to a limited liability partnership ("**KBT LLP**") pursuant to Section 21 of the Limited Liability Partnerships Act, Chapter 163A of Singapore (the "**Conversion**"). The transferees of the Sale Shares, being the shareholders of KBTPL, will enter into a limited liability partnership agreement to regulate the relationship between them *inter se* as partners of KBT LLP. Following the Conversion, the transferees will continue to hold the same percentage of interest in KBT LLP in their capacities as partners of KBT LLP. The intention is for the Sub-Trust Nominee to be an approved sub-trust of Keppel REIT upon the satisfaction of certain terms and conditions. The Conversion will allow unitholders of Keppel REIT ("**Unitholders**") to enjoy tax transparency treatment on Keppel REIT's income from the Property that is received through the Sub-Trust Nominee. The income generated from the Property will not be subject to corporate income tax at the KBT LLP level as a limited liability partnership is tax transparent for Singapore tax purposes.

2.3 Valuation

The Agreed Property Value of S\$657.2 million was arrived at on a willing-buyer and willing-seller basis after taking into account the two independent valuations of the Property with Rental Support (as defined herein) as at 30 November 2020.

⁴ To be based on the unaudited management accounts of KBTPL for the period commencing on the first day of the calendar year in which Completion takes place and ending on the Completion Date.

⁵ As at 31 October 2020, the principal amount of the Inter-company Loan is S\$50.5 million.

In this respect, the Trustee has commissioned an independent property valuer, Jones Lang LaSalle Property Consultants Pte Ltd ("**JLL**"), and the Manager has commissioned another independent property valuer, Cushman & Wakefield VHS Pte. Ltd. ("**Cushman & Wakefield**"), to value the Property (collectively, the "**Independent Valuers**"). According to the independent valuation reports issued by JLL and Cushman & Wakefield, the market value of the Property as at 30 November 2020 is S\$665.0 million and S\$667.3 million respectively with the Rental Support⁶, and S\$664.0 million and S\$665.0 million respectively without the Rental Support⁶. In arriving at the market value of the Property with and without the Rental Support, JLL relied on the income capitalisation method and discounted cash flow analysis and Cushman & Wakefield relied on the income capitalisation method, discounted cash flow analysis and comparable sales method.

The Agreed Property Value represents a discount of approximately 1.2% to JLL's valuation with the Rental Support, and a discount of approximately 1.5% to Cushman & Wakefield's valuation with the Rental Support.

2.4 Certain Terms and Conditions of the Sale and Purchase Agreement

The Trustee has entered into a conditional Sale and Purchase Agreement with the Vendor and KLS dated 23 December 2020.

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

- (i) in respect of the Head Lease (as defined in the Sale and Purchase Agreement), the approval of the President of the Republic of Singapore and his successors-in-office for the transfer of the Property to KBT LLP and if such approval is given subject to conditions, such conditions being acceptable to the Vendor and Trustee acting reasonably;
- (ii) the approval of Unitholders at the extraordinary general meeting ("**EGM**") of Keppel REIT to be convened to approve, *inter alia*, the Acquisition;
- (iii) the receipt of an in-principle approval from the Inland Revenue Authority of Singapore ("**IRAS**") to grant relief from stamp duties for the transfer of assets under section 15(1A) of the Stamp Duties Act, Chapter 312 of Singapore arising from the Conversion and there not having occurred any withdrawal of such in-principle approval and, if applicable, the conditions to such in-principle approval having been fulfilled. In addition, the receipt of a positive income tax advance ruling from IRAS in relation to certain income tax matters associated with the Conversion;
- (iv) the receipt of approval-in-principle of Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing and quotation of the new units in Keppel REIT (the units in Keppel REIT, "**Units**" and the new Units, the "**New Units**") pursuant to the Equity Fund Raising (as defined herein) on terms satisfactory to the Trustee, and there not having occurred any revocation or withdrawal of such approval;
- (v) the listing and commencement of trading of the New Units to be issued pursuant to the

⁶ The market value of the Property as at 30 November 2020 (with and without the Rental Support) is based on a capitalisation rate of 3.60% to 3.65%.

Equity Fund Raising;

- (vi) the receipt by the Trustee of the proceeds of the Equity Fund Raising, to partially fund the Acquisition;
- (vii) save as otherwise agreed between the Trustee and the Vendor, there being no compulsory acquisition or intended acquisition by the Head Lessor (as defined in the Sale and Purchase Agreement) or any authority of the whole or any part of the Property which, in the reasonable opinion of the Trustee will have an adverse effect on the financial condition, prospects, earnings, business, undertaking or assets of KBTPL or on the Property, in each case, taken as a whole, and no notice of such intended compulsory acquisition has been given, by the government or other competent authority;
- (viii) renewal of each of the Existing Keppel Leases (as defined herein) on terms and conditions and in such form as approved by the Trustee and the Vendor;
- (ix) entry into the Kloud Lease (as defined herein) on terms and conditions and in such form as approved by the Trustee and the Vendor; and
- (x) there having been no breach of the Vendor's warranties and undertakings which results in a Material Adverse Change (as defined in the Sale and Purchase Agreement) as at the date of the Sale and Purchase Agreement and as at Completion (as though made on and as at Completion), except to the extent any such warranty expressly relates to an earlier date (in which case, as of such earlier date).

In addition, pursuant to the Sale and Purchase Agreement, the Vendor will undertake to provide to the Trustee rental support in accordance with the provisions set out in the Sale and Purchase Agreement.

2.5 The Rental Support for the Property

2.5.1 Terms of the Rental Support

Pursuant to the Sale and Purchase Agreement, the Vendor will provide rental support (the "**Rental Support**") of up to S\$3.2 million (the "**Rental Support Amount**"), in relation to the Property to the Trustee (which may assign it to the Sub-Trust Nominee and/or the Subsidiary Nominee on Completion) over a period of 18 months after Completion (the "**Rental Support Period**"). The Rental Support Amount is based on an agreed rent (which in turn, is based on market rental) for certain vacant units in the Property as at Completion (the "**Vacant Units**") and the current rent paid in respect of other units in the Property, the tenancies of which are due to expire over a period of 18 months after Completion (the "**Expiring Units**") and certain other identified units in the Property (the "**Identified Units**"), and will cover among others, (i) loss of rental or licence fees arising from Vacant Units or Expiring Units which are not leased or licensed during marketing downtime, or where the leases or licences are terminated or restructured, and any fitting out period that is granted to such tenant(s) or licensee(s) (as the case may be), and (ii) rental or licence fees which are not paid by tenants or licencees in respect of the Expiring Units (which may include the Identified Units), if any.

2.5.2 Safeguards

As a safeguard against the ability of the Vendor to pay the Rental Support, the Vendor will deposit the Rental Support Amount into a bank account to be established by the Trustee and/or the Nominees (the "**Designated Account**") from which the Rental Support Payments shall be withdrawn and paid to the Trustee and/or the Nominees.

Any amount not withdrawn from the Designated Account shall be returned to the Vendor after the Rental Support Period.

2.5.3 Independent Valuers' Opinion

The Independent Valuers have considered the Rental Support, and they are both of the view that the rental income of the Property (taking into account the Rental Support) is in line with market rentals of comparable Grade A office spaces in the HarbourFront / Alexandra precinct.

2.5.4 Directors' Opinion

Taking into account the Independent Valuers' opinion set out in paragraph 2.5.3 above, the independent directors of the Manager (the "**Independent Directors**") are 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.

2.6 The Property Management Agreement and the Property Management Lease

Upon Completion, KBTPL will enter into a property management agreement (the "**Property Management Agreement**") with Keppel REIT Property Management Pte Ltd (the "**Property Manager**"), pursuant to which the Property Manager will provide certain property management services relating to the Property.

The Property Management Agreement takes effect from the date of execution. The term of the Property Management Agreement shall be for an initial period of three years, and such term shall be automatically extended thereafter for consecutive periods of three years, unless either party does not agree to the extension.

In consideration of the due performance by the Property Manager of its services, KBTPL shall pay the Property Manager:

- (i) a property management fee of (a) S\$55,000 per month; or (b) three per cent (3%) per month of the net property income⁷ of the Property, whichever is higher;
- (ii) in relation to each new lease secured by the Property Manager, a lease commission equivalent to:
 - (a) two months' gross rent for securing a lease of more than five years; or
 - (b) one month's gross rent for securing a lease of two to five years; or

⁷ Unless otherwise stated, net property income in respect of the Property in paragraph 2.6 refers to property income less property expenses, before the deduction of the property management fees.

- (c) half month's gross rent for securing a lease of less than two years; and
- (iii) in relation to each renewed lease by an existing tenant at the Property (whether pursuant to an option to renew granted by KBTPL or otherwise), a lease commission equivalent to a quarter month's gross rent for the renewed lease.

No lease commission shall be paid by KBTPL to the Property Manager for any lease, licence or occupation agreement (or renewal thereof) entered into with or granted to any tenant, licensee or occupier who is a member of the Keppel Group.

During the term of the Property Management Agreement, KBTPL will enter into a lease in relation to the office space of approximately 861.1 sq ft in the Property with the Property Manager (the "**Property Management Lease**") for use by the Property Manager in the performance of its property management services, and pay or reimburse the Property Manager for all costs and expenses in the rental of such office space including rent, service charge and any additional property tax payable. The Property Management Lease shall be for an initial term of three years from the Completion Date, with an option granted to the Property Manager to renew for a further term of three years.

The aggregate rental fees to be derived from the Property Management Lease on Completion (assuming Completion on 1 April 2021) until the end of the lease term is estimated to be S\$0.2 million and will be borne by Keppel REIT.

2.7 The Keppel Leases

KBTPL (as lessor) has entered into several leases in relation to the lease of office space with certain tenants of the Property, namely KCL, Keppel Infrastructure Holdings Pte. Ltd., Keppel Land International (Management) Pte. Ltd. and Keppel Capital International Pte. Ltd. (collectively, the "**Existing Keppel Tenants**" and the leases, the "**Existing Keppel Leases**") for an initial term of five years from 1 January 2019 to 31 December 2023.

Upon Completion, KBTPL (as lessor) will renew the Existing Keppel Leases with the Existing Keppel Tenants, pursuant to which the term of each of the Existing Keppel Leases will be extended. Upon renewal, each of the Existing Keppel Leases will expire on 31 March 2026 instead of 31 December 2023, and each of the Existing Keppel Tenants will be granted with an option to renew for a further term of five years at prevailing market rental rates.

Upon Completion, KBTPL (as lessor) will enter into a new lease in relation to the office space in the Property with Kloud Space Solutions Pte. Ltd. ("**Kloud**" and together with the Existing Keppel Tenants, the "**Keppel Tenants**") (the "**Kloud Lease**" and together with the Existing Keppel Leases, the "**Keppel Leases**"), for a term commencing on the Completion Date (or 1 April 2021, whichever is the later) and expiring on 31 March 2026, with an option granted to Kloud to renew for a further term of five years at prevailing market rental rates.

Pursuant to the Keppel Leases, the Keppel Tenants (including Kloud) have leased or will be leasing, as the case may be, an aggregate office space of approximately 153,495 sq ft in the Property, each for a term ranging between five to seven years commencing on 1 January 2019 and the Completion Date, as the case may be. The aggregate rental fees derived or to be derived from the Keppel Leases on Completion (assuming Completion on 1 April 2021) until

the end of the lease term is estimated to be approximately S\$62.6 million.

2.8 The Keppel Electric Agreement

KBTPL has entered into an electricity retail agreement (the "**Keppel Electric Agreement**") with Keppel Electric Pte Ltd ("**Keppel Electric**"), for the supply of electricity to the Property for a term of three years commencing 1 May 2020.

Pursuant to the Keppel Electric Agreement, the supply and deemed supply of electricity to the Property commenced on 1 May 2020 and will expire on 1 May 2023. The aggregate fees payable or to be paid under the Keppel Electric Agreement on Completion (assuming Completion on 1 April 2021) until the end of the term is estimated to be S\$3.7 million.

2.9 Total Acquisition Cost

The total acquisition cost is estimated to be approximately S\$667.0 million, comprising:

- (i) the Total Consideration of approximately S\$651.5 million, which comprises (a) the Share Consideration, to be satisfied fully in cash, which is estimated to be S\$601.0 million, subject to finalisation and post-Completion adjustments to the pro forma Adjusted Net Asset Value at Completion, and (b) the amount to fully repay the entire Inter-company Loan of up to S\$50.5 million on the Completion Date;
- (ii) the acquisition fee payable in Units⁸ to the Manager for the Acquisition (the "**Acquisition Fee**") of approximately S\$6.5 million (representing 1.0% of the Agreed Property Value less the Rental Support Amount); and
- (iii) the estimated stamp duty, professional and other fees and expenses of approximately S\$9.0 million incurred or to be incurred by Keppel REIT in connection with the Acquisition, the Equity Fund Raising and the Loan Facilities (as defined herein),

(collectively, the "**Total Acquisition Cost**").

2.10 Payment of Acquisition Fee in Units

Pursuant to the trust deed dated 28 November 2005 (as amended and supplemented) ("**Trust Deed**"), the Manager is entitled to receive an acquisition fee at the rate of 1.0% of the Agreed Property Value. The Manager has, at its discretion, elected to receive an acquisition fee of 1.0% of the Agreed Property Value less the Rental Support Amount.

As the acquisition of the Sale Shares will constitute an "interested party transaction" under the Property Funds Appendix, the Acquisition Fee payable in respect of the Acquisition will be in the form of the Acquisition Fee Units, which shall not be sold within one year from the date of issuance in accordance with Paragraph 5.7 of the Property Funds Appendix.

⁸ The Manager has at its discretion, elected to receive the Acquisition Fee of 1.0% of the Agreed Property Value less the Rental Support Amount. As the acquisition of the Sale Shares will constitute an "interested party transaction" under Appendix 6 of the Code on Collective Investment Schemes (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 5.7 of the Property Funds Appendix. The Acquisition Fee will be payable as soon as practicable after Completion.

2.11 Method of Financing the Acquisition

The Manager intends to fund the Total Acquisition Cost through the net proceeds from an equity fund raising (the "**Equity Fund Raising**") (which is intended to comprise a private placement) and a drawdown of S\$70.0 million from an existing five-year revolving credit facility (the "**Existing Loan Facility**") and new loan facilities of up to an aggregate amount of S\$330.0 million comprising two six-year loan facilities (the "**New Loan Facilities**" together with the Existing Loan Facility, the "**Loan Facilities**"). The Inter-company Loan shall be fully repaid on the Completion Date upon the drawdown of the Loan Facilities.

The size and timing of the Equity Fund Raising have not been determined by the Manager. Further details of the Equity Fund Raising will be announced by the Manager at the appropriate time on such terms and at such time as may be agreed with the joint lead managers and underwriters to be appointed.

3. RATIONALE FOR AND KEY BENEFITS OF THE ACQUISITION

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

3.1 DPU and NPI⁹ Yield Accretive Acquisition that Enhances Keppel REIT's Distributions and Improves Total Unitholder Returns

The Acquisition is part of ongoing portfolio optimisation efforts to enhance Keppel REIT's distributions and improve total unitholder returns. It is also consistent with Keppel REIT's strategy of strengthening and diversifying its portfolio, while staying focused on its core markets.

The Acquisition is expected to provide accretion in distribution per Unit ("**DPU**") of 2.7% for the financial year ended 31 December 2019 ("**FY 2019**") and 2.9% for the six-month period ended 30 June 2020 ("**1H 2020**") on a pro forma historical basis, assuming the Total Acquisition Cost was funded by the drawdown of the Loan Facilities (approximately 60%) and the net proceeds of the Equity Fund Raising (approximately 40%) based on the illustrative issue price of S\$1.04 per New Unit (being the illustrative issue price per New Unit to be issued pursuant to the Equity Fund Raising, the "**Illustrative Issue Price**").

3.2 Diversifies Portfolio and Strengthens Tenant Base for Income Resilience

a. Income Diversification

Post-Acquisition, Keppel REIT's assets under management ("**AUM**") will grow to approximately S\$9.0 billion, with Grade A commercial assets in key business districts of Singapore (77.8%), Australia (18.9%) and South Korea (3.3%).

The Acquisition reduces Keppel REIT's exposure to any single asset and further diversifies its income streams.

⁹ "**NPI**" refers to net property income.

b. Well-Established Tenant Base

Keppel Bay Tower has a diverse mix of 29 tenants, with rental collection for the third quarter of 2020 healthy at approximately 99%. The Acquisition is expected to further strengthen and improve the quality of Keppel REIT's tenant base with the addition of high quality, established and diversified tenants, both from the financial and non-financial sectors.

The Property's tenant mix (by NLA) largely consists of manufacturing and distribution (30.1%), energy, natural resources, shipping and marine (17.7%) and real estate and property services (15.2%) as at 30 September 2020.

The Property has a strong tenant profile comprising major companies and multinational corporations including the Keppel Group, BMW Asia, Mondelez International, Pacific Refreshments and Syngenta. The Property is headquarters to the Keppel Group, with 39.7% of NLA on long leases to the Keppel Group entities.

Post-Acquisition, the number of tenants in Keppel REIT's portfolio will increase from 356 to 381¹⁰. This increases Keppel REIT's income diversification, and reduces its exposure to any one tenant sector. The Keppel Group will also become one of Keppel REIT's top 10 tenants by NLA.

c. Strong Occupancy and Well-Spread Lease Expiries

As at 30 September 2020, the Property has a committed occupancy of 99.2% and a weighted average lease expiry ("**WALE**") of 3.3 years by NLA.

Post-Acquisition, the portfolio committed occupancy level by NLA will remain high at 98.2% while portfolio WALE by NLA will remain long at approximately 6.5 years and lease expiry remains well-spread.

3.3 Strategic Expansion that Complements the Current Core CBD Offering

The Acquisition expands Keppel REIT's offering to include quality CBD-fringe office space and meet potential shifts in occupier demand. The Property's proximity to the CBD offers more options and alternatives to tenants seeking dual locations or offices for business continuity purposes.

Post-Acquisition, Keppel REIT's portfolio remains anchored by prime CBD assets, while 11.0% of the AUM will comprise non-CBD office buildings.

The Property is strategically located in the HarbourFront / Alexandra submarket, which is in the city-fringe. According to Cushman & Wakefield (S) Pte Ltd (the "**Independent Market Research Consultant**"), the city-fringe has shown resilience during the current COVID-19 pandemic with rents recording marginal declines of approximately 1.5% over 9M 2020.

According to the Independent Market Research Consultant, demand continues to be supported by tenants who are attracted to the value proposition in this submarket, and limited current Grade A office stock and tight supply are expected to sustain the growth of the HarbourFront /

¹⁰ Tenants located in more than one building are accounted for as one tenant when computing the total number of tenants.

Alexandra submarket.

3.4 Grade A Waterfront Office with Excellent Connectivity to the CBD and Amenities

The Property is well connected to the CBD and other parts of Singapore. The CBD is an approximate 10-minute drive away, and tenants enjoy seamless access to the nearby HarbourFront MRT station and bus interchange via sheltered walkways.

The Property is surrounded by a wide variety of food, retail and entertainment amenities ranging from food and beverage outlets on the first floor of the building, to nearby Seah Im Food Centre, HarbourFront Centre, VivoCity, Keppel Island and Sentosa Island. With a coveted waterfront locale, tenants are able to enjoy unobstructed views of Keppel Bay and Sentosa Island.

The Property is strategically located in Singapore's GSW, which according to the Independent Market Research Consultant, is positioned as a destination for work, live and play.

In addition, the Independent Market Research Consultant expects the GSW to drive potential redevelopments for the HarbourFront / Alexandra submarket, which would potentially be attractive to technology or knowledge tenants who are expected to be a key future driver of office space demand.

3.5 Augments Green Footprint via Renewable Energy and Technology Innovation

The Property is the first commercial development in Singapore to be certified as a Green Mark Platinum (Zero Energy) building by the BCA. In January 2020, it became the first commercial development in Singapore to utilise renewable energy to power all its operations, including the offices of tenants in the building.

Featuring the latest in green building technology, the Property will further augment Keppel REIT's green footprint. It is also in line with Keppel REIT's environmental target of reducing energy usage and carbon emission intensity levels.

Some of the key energy-efficient technologies implemented at the Property include a high-efficiency air distribution system, an innovative cooling tower water management system, integrated sensor technology to optimise fresh air intake, smart light-emitting diode (LED) lighting solutions, as well as an intelligent building control system for energy and water usage optimisation. The Property also incorporates smart features such as facial recognition and mobile applications for contactless access, to reduce the number of touch points and enhance tenants' experiences.

Post-Acquisition, all of Keppel REIT's Singapore assets would have been certified with the BCA Green Mark Platinum status.

3.6 Increases Free Float and Liquidity

For illustrative purposes, assuming that approximately 256.2 million New Units will be issued in connection with the Equity Fund Raising based on the Illustrative Issue Price of S\$1.04 per New Unit and gross proceeds of S\$266.5 million will be raised to partially fund the Total Acquisition Cost, the issuance of New Units is expected to increase Keppel REIT's market

capitalisation¹¹ by 7.7% to S\$3.9 billion and its free float by 14.8%¹².

The expected increase in Keppel REIT's trading liquidity would potentially enhance Keppel REIT's weightage in indices and represent a step towards further index inclusions, which may lead to stronger investor demand for Keppel REIT's Units.

4. REQUIREMENT FOR UNITHOLDERS' APPROVAL

4.1 Relative Figures computed on Bases set out in Rule 1006

The relative figures for the Acquisition computed on the bases set out in Rules 1006(b) and 1006(c) of the listing manual of the SGX-ST (the "**Listing Manual**") are as follows:

- (i) net profits attributable to the assets acquired, compared with Keppel REIT's net profits; and
- (ii) aggregate value of the consideration given, compared with Keppel REIT's market capitalisation.

Comparison of	Acquisition	Keppel REIT	Relative figure (%)
Profit before tax (\$' million)	8.1 ⁽¹⁾	73.9 ⁽²⁾	11.0
Consideration against market capitalisation (\$'million)	651.5 ⁽³⁾	3,757.1 ⁽⁴⁾	17.3

Notes:

- (1) Based on the estimated profit before tax derived from the acquisition of KBTPL for the first six months from Completion Date.
- (2) Based on Keppel REIT's unaudited consolidated results for 1H 2020.
- (3) For the purposes of computation under Rule 1006(c), the aggregate consideration by Keppel REIT is the Total Consideration of approximately S\$651.5 million, being the aggregate of the Share Consideration and the amount to fully repay the Inter-company Loan. The Share Consideration is estimated to be S\$601.0 million and the Inter-company Loan is estimated to be S\$50.5 million. The actual Share Consideration will be determined in the manner set out in paragraph 2.2 of this announcement.
- (4) Based on the 3,407,824,769 Units in issue and the weighted average price of S\$1.1025 per Unit on the SGX-ST as at 22 December 2020, being the trading day immediately prior to the entry into of the Sale and Purchase Agreement dated 23 December 2020.

As the relative figures computed on the bases set out above exceed 5.0% but do not exceed 20.0%, the Acquisition is classified as a discloseable transaction.

¹¹ Based on the closing price of S\$1.05 per Unit as at 30 November 2020.

¹² As at 30 November 2020.

Rule 1006(d) of the Listing Manual is not applicable as Keppel REIT will not be issuing any Units as consideration for the Acquisition.

The Manager is of the view that the Acquisition is in the ordinary course of Keppel REIT's business as the Property 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 therefore not be subject to Chapter 10 of the Listing Manual. 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.

4.2 Interested Person Transaction and Interested Party Transaction

The Acquisition as an "Interested Person Transaction" under the Listing Manual

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 net tangible asset value ("**NTA**"), Unitholders' approval is required in respect of the transaction.

Based on the audited financial statements for Keppel REIT for the financial year ended 31 December 2019 (the "**2019 Financial Statements**"), the NTA of Keppel REIT was S\$5,163.8 million as at 31 December 2019. 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\$258.2 million (being 5.0% of S\$5,163.8 million), such a transaction would be subject to Unitholders' approval. Given that (i) the Total Consideration is estimated to be approximately S\$651.5 million, (ii) the value of the Property Management Agreement (including the Property Management Lease) is approximately S\$3.7 million (being the aggregate of the estimated total amount payable over the term of the Property Management Agreement (including the leasing commissions) as well as the estimated total amount payable under the Property Management Lease from Completion until the end of the term of the Property Management Lease), (iii) the value of the Keppel Leases is approximately S\$62.6 million (being the estimated total amount payable from Completion until the end of each lease term), and (iv) the Keppel Electric Agreement is approximately S\$3.7 million (being the estimated total amount payable from Completion until the end of the term of the Keppel Electric Agreement), the value of all such transactions is in aggregate approximately 14.0% of the NTA of Keppel REIT as at 31 December 2019, and accordingly, exceeds the said threshold. Thus, Unitholders' approval is required to be sought pursuant to Rule 906(1)(a) of the Listing Manual.

The Acquisition as an "Interested Party Transaction" under the Property Funds Appendix

Paragraph 5 of the Property Funds Appendix also imposes a requirement for Unitholders' approval for an interested party transaction by Keppel REIT whose value (either in itself or when aggregated with the value of other transactions with the same interested party during the current financial year) exceeds 5.0% of Keppel REIT's latest audited net asset value ("**NAV**").

Based on the 2019 Financial Statements, the NAV of Keppel REIT was S\$5,163.8 million as at 31 December 2019. Accordingly, if the value of a transaction which is proposed to be entered into by Keppel REIT with an interested party is, either in itself or in aggregation with all other earlier transactions entered into with the same interested party during the current financial year, equal to or greater than S\$258.2 million (being 5.0% of S\$5,163.8 million), such a transaction would be subject to Unitholders' approval. Given that (i) the Total Consideration is estimated to be approximately S\$651.5 million, (ii) the value of the Property Management Agreement (including the Property Management Lease) is approximately S\$3.7 million (being the aggregate of the estimated total amount payable over the term of the Property Management Agreement (including the leasing commissions) as well as the estimated total amount payable under the Property Management Lease from Completion until the end of the term of the Property Management Lease), (iii) the value of the Keppel Leases is approximately S\$62.6 million (being the estimated total amount payable from Completion until the end of each lease term), and (iv) the Keppel Electric Agreement is approximately S\$3.7 million (being the estimated total amount payable from Completion until the end of the term of the Keppel Electric Agreement), the value of all such transactions is in aggregate approximately 14.0% of the NAV of Keppel REIT as at 31 December 2019, and accordingly, exceeds the said threshold. Thus, Unitholders' approval is required to be sought pursuant to Paragraph 5 of the Property Funds Appendix.

As at 30 November 2020, being the latest practicable date prior to this announcement (the "**Latest Practicable Date**"), the Sponsor, through its indirect wholly-owned subsidiary, Keppel REIT Investment Pte. Ltd. ("**KRI**"), holds an aggregate interest in 1,476,216,367 Units, which is equivalent to approximately 43.32% of the total number of Units in issue.

The Sponsor is therefore regarded as a "controlling unitholder" of Keppel REIT under both the Listing Manual and the Property Funds Appendix.

KCL, through its interests in the Sponsor and Keppel Capital Holdings Pte. Ltd. ("**KCH**") has a deemed interest in 1,671,754,471 Units, which comprises an aggregate of approximately 49.06% of the total number of Units in issue. KCL 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 KCL, KCL is therefore regarded as a "controlling shareholder" of the Manager under both the Listing Manual and the Property Funds Appendix.

Each of the Vendor, the Keppel Tenants (save for KCL), the Property Manager and Keppel Electric is a wholly-owned subsidiary of KCL.

Accordingly, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, each of the Vendor, the Keppel Tenants, the Property Manager and Keppel Electric (being a "controlling unitholder", a "controlling shareholder" of the Manager, subsidiaries of a "controlling unitholder" and a "controlling shareholder" of the Manager, as the case may be) 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.

The Property Management Agreement, the Property Management Lease, the Keppel Leases and the Keppel Electric Agreement as "Interested Person Transactions", and as the case may be, "Interested Party Transactions"

Each of the Property Management Agreement, the Property Management Lease, the Keppel Leases and the Keppel Electric Agreement will also constitute an "interested person transaction" under Chapter 9 of the Listing Manual as well as an "interested party transaction" under the Property Funds Appendix.

By approving the Acquisition, Unitholders will be deemed to have also approved all documents which are required to be executed or assigned by the parties in order to give effect to the Acquisition including the Property Management Agreement, the Property Management Lease, the Keppel Leases and the Keppel Electric Agreement.

In this respect, a Unitholders' circular (the "**Circular**") will be issued and an extraordinary general meeting of Keppel REIT will be held in due course.

5. THE FINANCIAL EFFECTS OF THE ACQUISITION

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Acquisition on the DPU and the NAV per Unit presented below are strictly for illustrative purposes only and were prepared based on the 2019 Financial Statements and the unaudited financial statements for 1H 2020 (the "**1H 2020 Financial Statements**"), taking into account the Total Acquisition Cost, the Loan Facilities, and assuming that:

- (i) in respect of the pro forma financial effect of the Acquisition based on the 2019 Financial Statements, Keppel REIT had purchased, held and operated the Property for the whole of FY 2019, all leases were in place since 1 January 2019 and all tenants were paying their rents in full;
- (ii) in respect of the pro forma financial effect of the Acquisition based on the 1H 2020 Financial Statements, Keppel REIT had purchased, held and operated the Property for the whole of 1H 2020, all leases were in place since 1 January 2020 and all tenants were paying their rents in full;
- (iii) approximately 256.2 million New Units are issued at the Illustrative Issue Price of S\$1.04 per New Unit pursuant to the Equity Fund Raising to raise gross proceeds of approximately S\$266.5 million to part fund the Total Acquisition Cost;
- (iv) the Manager's Acquisition Fee of S\$6.5 million is paid in the form of approximately 6.3 million Acquisition Fee Units issued at the Illustrative Issue Price of S\$1.04 per Acquisition Fee Unit; and
- (v) approximately S\$400.0 million is drawn-down by Keppel REIT from the Loan Facilities with an average interest cost of 1.35% per annum to part fund the Total Acquisition Cost.

5.1 Pro Forma NAV

- (a) **FOR ILLUSTRATIVE PURPOSES ONLY:** The pro forma financial effects of the Acquisition on the NAV per Unit as at 31 December 2019, as if the Acquisition, the issue of New Units and Acquisition Fee Units and the drawdown of Loan Facilities were completed on 31 December 2019, are as follows:

	Effects of the Acquisition	
	Before the Acquisition	After the Acquisition ⁽¹⁾
Adjusted Unitholder funds (S\$million)	4,537.7 ⁽²⁾	4,806.8
Issued Units (million)	3,366.8 ⁽³⁾	3,629.3 ⁽⁴⁾
Adjusted NAV per Unit (S\$)	1.35	1.32

Notes:

- (1) For the purpose of the Acquisition, the pro forma is prepared assuming the drawdown of approximately S\$400.0 million from the Loan Facilities, gross proceeds of approximately S\$266.5 million raised from the Equity Fund Raising, approximately S\$6.5 million of the Acquisition Fee paid in Acquisition Fee Units and approximately S\$9.0 million of costs in relation to the Acquisition, the Equity Fund Raising and the Loan Facilities.
- (2) Based on the 2019 Financial Statements as at 31 December 2019 and adjusted for the cash distribution paid on 28 February 2020 in relation to the distributable income for the period from 1 October 2019 to 31 December 2019.
- (3) Number of Units in issue as at 31 December 2019.
- (4) Includes (a) approximately 256.2 million New Units issued in connection with the Equity Fund Raising at the Illustrative Issue Price of S\$1.04 per New Unit and (b) approximately 6.3 million Acquisition Fee Units issuable as payment of the Acquisition Fee payable to the Manager at the Illustrative Issue Price of S\$1.04 per Acquisition Fee Unit.

- (b) **FOR ILLUSTRATIVE PURPOSES ONLY:** The pro forma financial effects of the Acquisition on the NAV per Unit as at 30 June 2020, as if the Acquisition, the issue of New Units and Acquisition Fee Units and the drawdown of Loan Facilities were completed on 30 June 2020, are as follows:

	Effects of the Acquisition	
	Before the Acquisition	After the Acquisition ⁽¹⁾
Adjusted Unitholder funds (S\$million)	4,508.0 ⁽²⁾	4,777.1
Issued Units (million)	3,390.4 ⁽³⁾	3,652.9 ⁽⁴⁾
Adjusted NAV per Unit (S\$)	1.33	1.31

Notes:

- (1) For the purpose of the Acquisition, the pro forma is prepared assuming the drawdown of approximately S\$400.0 million from the Loan Facilities, gross proceeds of approximately S\$266.5 million raised from the Equity Fund Raising, approximately S\$6.5 million of the Acquisition Fee paid in Acquisition Fee Units and approximately S\$9.0 million of costs in relation to the Acquisition, the Equity Fund Raising and the Loan Facilities.

- (2) Based on the 1H 2020 Financial Statements as at 30 June 2020 and adjusted for the cash distribution paid on 28 August 2020 in relation to the distributable income for the period from 1 April 2020 to 30 June 2020.
- (3) Number of Units in issue as at 30 June 2020.
- (4) Includes (i) approximately 256.2 million New Units issued in connection with the Equity Fund Raising at the Illustrative Issue Price of S\$1.04 per New Unit and (ii) approximately 6.3 million Acquisition Fee Units issuable as payment of the Acquisition Fee payable to the Manager at the Illustrative Issue Price of S\$1.04 per Acquisition Fee Unit.

5.2 Pro Forma DPU

- (a) **FOR ILLUSTRATIVE PURPOSES ONLY:** The pro forma financial effects of the Acquisition (with and without the Rental Support) on Keppel REIT's DPU for the 2019 Financial Statements, as if the Acquisition, issuance of New Units and Acquisition Fee Units and drawdown of the Loan Facilities were completed on 1 January 2019, and as if the Property was held and operated through to 31 December 2019, are as follows:

	Before the Acquisition	After the Acquisition ⁽¹⁾
Profit before tax (S\$'000)	153,017	169,219 ⁽²⁾
Distributable Income (S\$'000)	189,261	209,306
Units in issue at the end of the year (million)	3,366.8 ⁽³⁾	3,631.3 ⁽⁴⁾
DPU (cents) (with the Rental Support)	5.58 ⁽⁵⁾	5.73
DPU accretion (%) (with the Rental Support)	-	2.7%
DPU (cents) (without the Rental Support)	5.58 ⁽⁵⁾	5.66
DPU accretion (%) (without the Rental Support)	-	1.4%

Notes:

- (1) For the purpose of the Acquisition, the pro forma is prepared based on the estimated income derived from the acquisition of KBTPL for the first 12 months from the Completion Date and the drawdown of approximately S\$400.0 million from the Loan Facilities, gross proceeds of approximately S\$266.5 million raised from the Equity Fund Raising, approximately S\$6.5 million of the Acquisition Fee paid in Acquisition Fee Units and approximately S\$9.0 million of costs in relation to the Acquisition, the Equity Fund Raising and the Loan Facilities.
- (2) Expenses comprising borrowing costs associated with the drawdown of approximately S\$400.0 million from the Loan Facilities, the Manager's management fees, Trustee's fees and other trust expenses incurred in connection with the operation of the Property have been deducted.
- (3) Units in issue as at 31 December 2019.
- (4) Includes (i) approximately 256.2 million New Units issued in connection with the Equity Fund Raising at the Illustrative Issue Price of S\$1.04 per New Unit, (ii) approximately 6.3 million Acquisition Fee Units issuable as payment of the Acquisition Fee payable to the Manager at the Illustrative Issue Price of S\$1.04 per Acquisition Fee Unit and (iii) approximately 2.0 million new Units issued in aggregate as payment to the Manager for the base management fee, based on the volume weighted average price for all trades on the SGX-ST in the last 10 business days of each respective financial quarter.
- (5) For FY 2019.

- (b) **FOR ILLUSTRATIVE PURPOSES ONLY:** The pro forma financial effects of the Acquisition (with and without the Rental Support) on Keppel REIT's DPU for the 1H 2020 Financial Statements, as if the Acquisition, issuance of New Units and Acquisition Fee Units and drawdown of the Loan Facilities were completed on 1 January 2020, and as if the Property was held and operated through to 30 June 2020, are as follows:

	Before the Acquisition	After the Acquisition ⁽¹⁾
Profit before tax (S\$'000)	73,894	82,006 ⁽²⁾
Distributable Income (S\$'000)	94,782	104,970
Units in issue at the end of the period (million)	3,390.4 ⁽³⁾	3,653.8 ⁽⁴⁾
DPU (cents) (with the Rental Support)	2.80 ⁽⁵⁾	2.88
DPU accretion %(with the Rental Support)	-	2.9%
DPU (cents) (without the Rental Support)	2.80 ⁽⁵⁾	2.86
DPU accretion % (without the Rental Support)	-	2.1%

Notes:

- (1) For the purpose of the Acquisition, the pro forma is prepared based on the estimated income derived from the acquisition of KBTPL for the first six months from the Completion Date and the drawdown of approximately S\$400.0 million from the Loan Facilities, gross proceeds of approximately S\$266.5 million raised from the Equity Fund Raising, approximately S\$6.5 million of the Acquisition Fee paid in Acquisition Fee Units and approximately S\$9.0 million of costs in relation to the Acquisition, the Equity Fund Raising and the Loan Facilities.
- (2) Expenses comprising borrowing costs associated with the drawdown of S\$400.0 million from the Loan Facilities, the Manager's management fees, Trustee's fees and other trust expenses incurred in connection with the operation of the Property have been deducted.
- (3) Units in issue as at 30 June 2020.
- (4) Includes (a) approximately 256.2 million New Units issued in connection with the Equity Fund Raising at the Illustrative Issue Price of S\$1.04 per New Unit, (b) approximately 6.3 million Acquisition Fee Units issuable as payment of the Acquisition Fee payable to the Manager at the Illustrative Issue Price of S\$1.04 per Acquisition Fee Unit and (c) approximately 0.9 million new Units issued in aggregate as payment to the Manager for the base management fee, based on the volume weighted average price for all trades on the SGX-ST in the last 10 business days of each respective financial quarter.
- (5) For 1H 2020.

5.3 Aggregate Leverage¹³

- (a) **FOR ILLUSTRATIVE PURPOSES ONLY:** The pro forma Aggregate Leverage of Keppel REIT as at 31 December 2019, based on its 2019 Financial Statements, as if Keppel REIT had completed the Acquisition, issuance of New Units under the Equity Fund Raising, issuance of Acquisition Fee Units and drawdown of the Loan Facilities on 31 December 2019, are as follows:

¹³ "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.

	Before the Acquisition	After the Acquisition
Aggregate Leverage (Pro forma as at 31 December 2019)	35.8%	37.7%

- (b) **FOR ILLUSTRATIVE PURPOSES ONLY:** The pro forma Aggregate Leverage of Keppel REIT as at 30 June 2020, based on its 1H 2020 Financial Statements, as if Keppel REIT had completed the Acquisition, issuance of New Units under the Equity Fund Raising, issuance of Acquisition Fee Units and drawdown of the Loan Facilities on 30 June 2020, are as follows:

	Before the Acquisition	After the Acquisition
Aggregate Leverage (Pro forma as at 30 June 2020)	36.3%	38.1%

6. OTHER INTERESTED PERSON TRANSACTIONS

As at the Latest Practicable Date, the value of all interested person transactions entered into between Keppel REIT and KCL and their subsidiaries and associates during the course of the current financial year is approximately S\$3.9 million. The value of all interested person transactions entered into between Keppel REIT and all interested persons during the course of the financial year is approximately S\$3.9 million.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS

As at the Latest Practicable Date, certain directors of the Manager (the "**Directors**") collectively hold an aggregate direct and indirect interest in 2,200,415 Units. Further details of the interests in Units of the Directors of the Manager and Substantial Unitholders¹⁴ are set out below.

Mrs Penny Goh is a member of the board of directors of KCL, Mr Tan Swee Yiow is the Chief Executive Officer and a member of the board of the directors of the Sponsor and Ms Christina Tan is the Chief Executive Officer and a member of the board of directors of KCH, a wholly-owned subsidiary of KCL.

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 under the Manager's Performance Unit Plan
	No. of Units	%(¹)	No. of Units	%(¹)			
Penny Goh	219,008	0.006	-	-	219,008	0.006	-

¹⁴ "Substantial Unitholder" refers to a person with an interest in Units constituting not less than 5.0% of all Units in issue.

Lee Chiang Huat	54,900	0.002	-	-	54,900	0.002	-
Lor Bak Liang	165,291	0.005	-	-	165,291	0.005	-
Christina Tan	12,000	n.m. ⁽²⁾	-	-	12,000	n.m. ⁽²⁾	-
Tan Swee Yiow	1,708,616	0.050	-	284,000	1,708,616	0.050	284,000
Alan Rupert Nisbet	-	-	39,400 ⁽³⁾	0.001	39,400	0.001	-
Ian Roderick Mackie	1,200	n.m. ⁽²⁾	-	-	1,200	n.m. ⁽²⁾	-

Notes:

- (1) The percentage is based on 3,407,824,769 Units in issue as at the Latest Practicable Date.
- (2) Not meaningful.
- (3) Mr Nisbet is deemed to have an interest in the Units held by his spouse.

The table below sets out the interest in shares in KCL ("**KCL Shares**") which are held by the Directors.

Name of Directors	Direct Interest		Deemed interest		Total No. of KCL Shares held	%(1)	No. of Outstanding KCL Share Options	Contingent Award of KCL Shares	
	No. of KCL Shares	%(1)	No of KCL Shares	%(1)				KCL Performance Share Plan	KCL Restricted Share Plan
Penny Goh	30,000	0.002	-	-	30,000	0.002	-	-	-
Lee Chiang Huat	-	-	-	-	-	-	-	-	-
Lor Bak Liang	-	-	-	-	-	-	-	-	-
Christina Tan	370,220	0.020	-	-	370,220	0.020	-	695,000	103,442
Tan Swee Yiow	179,575	0.010	-	-	179,575	0.010	-	160,000	68,227
Alan Rupert Nisbet	-	-	-	-	-	-	-	-	-
Ian Roderick Mackie	-	-	-	-	-	-	-	-	-

Note:

- (1) The percentage is based on 1,817,468,870 KCL Shares in issue (excluding 3,088,897 treasury shares in KCL) as at the Latest Practicable Date.

Based on the Register of Substantial Unitholders' Unitholdings maintained by the Manager, the Substantial Unitholders 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 ⁽²⁾	-	-	1,693,917,829	49.70	1,693,917,829	49.70
KCL ⁽³⁾	200	n.m. ⁽⁷⁾	1,671,754,271	49.06	1,671,754,471	49.06
The Sponsor ⁽⁴⁾	-	-	1,476,216,367	43.32	1,476,216,367	43.32
Keppel Land (Singapore) Pte. Ltd. ⁽⁵⁾	-	-	1,476,216,367	43.32	1,476,216,367	43.32
Keppel REIT Investment Pte. Ltd.	1,476,216,367	43.32	-	-	1,476,216,367	43.32

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total No. of Units held	%(1)
	No. of Units	%(1)	No. of Units	%(1)		
KCH ⁽⁶⁾	-	-	195,537,904	5.74	195,537,904	5.74

Notes:

- (1) The percentage is based on 3,407,824,769 Units in issue as at the Latest Practicable Date.
- (2) Temasek's deemed interest arises from the interest held by KCL and other independently managed subsidiaries and associated companies of Temasek.
- (3) KCL's deemed interest arises from its shareholdings in (i) Keppel Capital Investment Holdings Pte. Ltd. and the Manager, both of which are wholly-owned subsidiaries of KCL held through KCH and (ii) KRI, a wholly-owned subsidiary of KCL held through Keppel Land (Singapore) Pte. Ltd. and the Sponsor.
- (4) The Sponsor's deemed interest arises from its shareholdings in KRI, a wholly-owned subsidiary of Keppel Land (Singapore) Pte. Ltd. which is in turn a subsidiary of the Sponsor.
- (5) Keppel Land (Singapore) Pte. Ltd.'s deemed interest arises from its shareholdings in KRI, a wholly-owned subsidiary of Keppel Land (Singapore) Pte. Ltd..
- (6) KCH's deemed interest arises from its shareholdings in Keppel Capital Investment Holdings Pte. Ltd. and the Manager, both of which are wholly-owned subsidiaries of KCH.
- (7) Not meaningful.

Save as disclosed above and elsewhere in this announcement, 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.

8. 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.

9. OPINION OF THE INDEPENDENT FINANCIAL ADVISER AND STATEMENT OF THE INDEPENDENT DIRECTORS AND THE AUDIT AND RISK COMMITTEE

The Manager has appointed Deloitte & Touche Corporate Finance Pte. Ltd. (the "**Independent Financial Adviser**") to advise the Independent Directors, the audit and risk committee of the Manager (the "**Audit and Risk Committee**") and the Trustee as to whether the Acquisition is on normal commercial terms and is not prejudicial to the interests of Keppel REIT and its minority Unitholders. The Independent Directors and Audit and Risk Committee will form their own views after reviewing the opinion of the Independent Financial Adviser, which will be set out in the Circular.

10. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (i) the Sale and Purchase Agreement;
- (ii) the Existing Keppel Leases;
- (iii) the Keppel Electric Agreement;
- (iv) the full valuation report of the Property dated 30 November 2020 by Cushman & Wakefield;
- (v) the full valuation report of the Property dated 30 November 2020 by JLL;
- (vi) the 2019 Financial Statements; and
- (vii) the 1H 2020 Financial Statements.

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.

Due to the COVID-19 situation, Unitholders who wish to inspect the above documents should submit their request at least five days prior via email to the Manager at KBT.KREIT@keppelgroup.com. The Manager will ensure that adequate safe distancing measures are put in place during such inspection.

11. FURTHER DETAILS

Further details of the Acquisition will be contained in the Circular which will be issued by the Manager in due course, together with a notice of extraordinary general meeting for the purpose of seeking Unitholders' approval for the Acquisition. Unitholders are advised to refer to the Circular for any updates to the information contained in this announcement.

BY ORDER OF THE BOARD
Keppel REIT Management Limited
(Company registration no. 200411357K)
(as manager of Keppel REIT)

Marc Tan
Company Secretary
23 December 2020

IMPORTANT NOTICE

This announcement does not constitute an offering document for any securities in Keppel REIT and nothing herein constitutes or forms the basis of: (a) an offer, solicitation, recommendation or invitation for the sale or purchase of securities or of any of the assets, business or undertakings of Keppel REIT; or (b) any contract between Keppel REIT, Keppel REIT Management Limited (the manager of Keppel REIT) or any underwriter or placement agent on any of their behalf and any prospective investor.

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The securities of Keppel REIT have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or under the securities laws of any state or jurisdiction of the United States of America the "**United States**"), and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any state securities laws. The Manager does not intend to conduct a public offering of any securities of Keppel REIT in the United States.

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