



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

ACQUISITION OF A ONE-THIRD INTEREST IN MARINA BAY FINANCIAL CENTRE TOWER 3

1. INTRODUCTION

1.1 Acquisition

Keppel REIT Management Limited, in its capacity as manager of Keppel REIT (the "**Manager**"), is pleased to announce RBC Investor Services Trust Singapore Limited, in its capacity as trustee of Keppel REIT (the "**Trustee**"), has today entered into a conditional share purchase agreement (the "**Share Purchase Agreement**") with, *inter alia*, Bayfront Development Pte. Ltd. (the "**Vendor**") to acquire 200 ordinary shares being one-third of the issued share capital in Central Boulevard Development Pte. Ltd. ("**CBDPL**") and the acquisition of the one-third of the issued share capital in CBDPL (the "**Acquisition**") which holds Marina Bay Financial Centre Tower 3 ("**MBFC Tower 3**").

1.2 Information on MBFC Tower 3

Designed by world-renowned New York-based architect Kohn Pedersen Fox Associates, MBFC Tower 3 is a newly completed premium Grade A office building with large column-free and symmetrical floor plates of approximately 30,000 square feet ("**sq ft**") to 45,000 sq ft which optimise the efficient use of space as well as offer panoramic views of the Marina Bay.

Located in the heart of prime waterfront land in Singapore's financial district, MBFC Tower 3 is a 46-storey commercial building with a total net lettable area ("**NLA**") of 1,341,980 sq ft, of which the office component is approximately 1.3 million sq ft and the remaining is ancillary retail space. There are a total of 357 car park lots in the basement levels of the building. Committed occupancy is approximately 94% as at 31 August 2014 and the line-up of tenants includes DBS Bank Ltd. ("**DBS Bank**"), WongPartnership, Rio Tinto, Booking.com, McGraw-Hill, Clifford Chance, Mead Johnson, Ashurst, Lego, The Norinchukin Bank, Regus Singapore, Milbank, Tweed, Hadley & McCloy, Fitness First and Bank of Montreal. MBFC Tower 3 received its Temporary Occupation Permit on 21 March 2012 and its Certificate of Statutory Completion on 18 September 2012.

MBFC Tower 3 is part of the Marina Bay Financial Centre integrated development ("**MBFC Development**") which comprises three office towers; two residential developments, Marina Bay Residences and Marina Bay Suites ("**MBS**"); and a subterranean retail mall, Marina Bay Link Mall ("**MBLM**"). The MBFC Development is connected to the other developments in the Marina Bay precinct and the Raffles Place mass rapid transit ("**MRT**") interchange and the Downtown MRT stations via an underground pedestrian network.

Positioned as Asia's Best Business Address™, the MBFC Development is in close proximity to a wide range of Singapore landmarks including the Marina Bay Sands integrated resort, Gardens by the Bay, Esplanade – Theatres on the Bay, international and boutique hotels, luxury residences as well as a range of dining and retail options.

1.3 Relationship with the Vendor

As at the date of this announcement, Keppel Land Limited ("**Keppel Land**"), through Keppel REIT Investment Pte. Ltd. ("**KRIPL**"), holds an aggregate interest in 1,261,308,499 units in Keppel REIT ("**Units**"), which is equivalent to approximately 44.93% of the total number of Units in issue, and is therefore regarded as a "controlling Unitholder" of Keppel REIT under both the Listing Manual of Singapore Exchange Securities Trading Limited (the "**SGX-ST**", and the Listing Manual of the SGX-ST, the "**Listing Manual**") and Appendix 6 of the Code on Collective Investment Schemes (the "**Property Funds Appendix**") issued by the Monetary Authority of Singapore. In addition, as the Manager is a wholly-owned subsidiary of Keppel Land, Keppel Land is therefore regarded as a "controlling shareholder" of the Manager under both the Listing Manual and the Property Funds Appendix. Keppel Corporation Limited ("**KCL**") is also regarded as a "controlling Unitholder" under both the Listing Manual and the Property Funds Appendix. Through Keppel Real Estate Investment Pte. Ltd. ("**KREIPL**") and KRIPL, KCL has a deemed interest in 1,267,058,053 Units, which comprises approximately 45.14% of the total number of Units in issue.

As the Vendor is a wholly-owned subsidiary of Keppel Land, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, the Vendor (being a subsidiary of a "controlling Unitholder" and a "controlling shareholder" of the Manager) 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, in respect of which the approval of unitholders of Keppel REIT ("**Unitholders**") is required.

A circular is expected to be issued to Unitholders (the "**Circular**") in due course, together with a notice of extraordinary general meeting, for the purpose of seeking the Unitholders' approval for the Acquisition.

2. PRINCIPAL TERMS OF THE ACQUISITION

2.1 Acquisition

Pursuant to the Share Purchase Agreement, Keppel REIT will acquire 200 ordinary shares comprising one-third of the issued share capital in CBDPL. The obligations of the Vendor to the Trustee in respect of the Acquisition are guaranteed by Keppel Land Properties Pte. Ltd. ("**KLP**"). CBDPL also wholly-owns Marina Bay Suites Pte. Ltd. ("**MBSPL**"), which holds MBS. The Acquisition is structured to effectively exclude CBDPL's interest in MBSPL.

2.2 Purchase Consideration and Valuation

The purchase consideration (the “**Purchase Consideration**”) payable to the Vendor in connection with the Acquisition is based on the adjusted net tangible asset value (“**NTA**”) of CBDPL (excluding the NTA of MBSPL¹) as at the date of completion of the Acquisition (“**Completion**”, and the date of Completion, the “**Completion Date**”). As at 31 July 2014², the estimated Purchase Consideration is S\$710.1 million³ and is derived from:

- (i) S\$1,248.0 million, being the agreed value of a one-third interest in MBFC Tower 3 (the “**Agreed Value**”) which is equivalent to S\$2,790 per sq ft; less
- (ii) S\$537.9 million, being the adjustments for a one-third share of CBDPL’s net liabilities (excluding liabilities relating to project development works of MBFC Tower 3 and excluding MBSPL).

The Agreed Value was negotiated on a willing-buyer and willing-seller basis, taking into account the independent valuations of the one-third interest in MBFC Tower 3 (the “**MBFC Tower 3 Interest**”). The Agreed Value net of Rental Support (as defined herein) is S\$1,198.8 million, which is equivalent to S\$2,680 per sq ft.

The Manager has commissioned an independent property valuer, Cushman & Wakefield VHS Pte Ltd (“**Cushman**”), and the Trustee has commissioned another independent property valuer, Savills Valuation and Professional Services (S) Pte Ltd (“**Savills**”, and together with Cushman, the “**Independent Valuers**”), to value the MBFC Tower 3 Interest. The open market value of the MBFC Tower 3 Interest as at 18 August 2014 is S\$1,281.0 million and S\$1,276.0 million as stated by Cushman and Savills in their respective valuation reports. The two valuations are approximately 2.6% and 2.2% above the agreed value of S\$1,248.0 million for the MBFC Tower 3 Interest respectively. The valuations by the Independent Valuers take into account the Rental Support to be provided by the Vendor to Keppel REIT.

2.3 Consideration Units

The Purchase Consideration will be satisfied by way of issuance of S\$185.0 million worth of Units to the Vendor (the “**Consideration Units**”) and payment of cash for the balance of the Purchase Consideration. The Consideration Units will be issued at an issue price determined on the volume weighted average price for a Unit for all trades on the SGX-ST for the period of 10 business days commencing on the first day of “ex-dividend” trading in relation to the books closure date for the advanced distribution or, as the case may be, cumulative distribution

1 To separate the ownership of MBSPL from CBDPL, an Undertaking Deed (as defined herein) will be entered into between the Trustee, the Vendor and KLP to give effect to their intention that CBDPL’s interest in MBSPL and all liabilities, obligations, rights and benefits relating to MBSPL shall be excluded from the Acquisition. Separate accounts will be prepared for CBDPL and MBSPL. Accordingly, Keppel REIT will not account for MBSPL as an associate as the interest in MBSPL is effectively excluded in the Undertaking Deed.

2 The date of the illustrative pro forma balance sheet of CBDPL (excluding the NTA of MBSPL), as set out in the Share Purchase Agreement.

3 The actual amount of the Purchase Consideration payable to the Vendor will only be determined after the Completion Date.

declared by the Manager (in relation to the then existing Units in issue). The number of Consideration Units issued shall be rounded downwards to the nearest board lot.

2.4 Total Acquisition Cost

The total acquisition cost is estimated to be approximately S\$727.5 million, comprising:

- (i) the estimated Purchase Consideration of approximately S\$710.1 million⁴;
- (ii) the acquisition fee payable in Units to the Manager for the Acquisition (the “**Acquisition Fee**”) of approximately S\$12.0 million⁵; and
- (iii) the estimated stamp duty, professional and other fees and expenses of approximately S\$5.4 million incurred or to be incurred by Keppel REIT in connection with the Acquisition,

(collectively, the “**Total Acquisition Cost**”).

2.5 Principal Terms of the Share Purchase Agreement

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

- the approval of Unitholders for the Acquisition and the issuance of the Consideration Units to the Vendor;
- the completion of the drawdown of the refinancing loan to repay all shareholders’ loans from Sageland Private Limited, the Vendor and Heedum Pte. Ltd. to CBDPL;
- there being no resolution, proposal, scheme or order for the compulsory acquisition by the Singapore Government of the whole or any part of MBFC Tower 3 on or before Completion; and
- there being no material damage to MBFC Tower 3 on or before Completion;
- the receipt of the waiver from the Securities Industry Council of the requirement by the Vendor and parties acting in concert with the Vendor to make a mandatory offer for the remaining Units not owned or controlled by the Vendor and parties acting in concert with the Vendor, in the event that they incur an obligation to make a mandatory offer pursuant to Rule 14 of the Singapore Code on Take-overs and Mergers (the “**Code**”) as a result of the receipt of (i) the Consideration Units and (ii) the acquisition fee which is required to be paid to the Manager in Units pursuant to the Property Funds Appendix in respect of the Acquisition;

4 The actual amount of the Purchase Consideration payable to the Vendor will only be determined after the Completion Date.

5 The Manager has in its discretion, elected to receive the Acquisition Fee of 1.0% of the Agreed Value less the Rental Support amount. As the Acquisition will constitute an “interested party transaction” under the Property Funds Appendix, the Acquisition Fee will be in the form of Units, which shall not be sold within one year from the date of issuance in accordance with Paragraph 5.6 of the Property Funds Appendix.

- the approval of Unitholders for the resolution to seek their approval for a waiver of their right to receive a mandatory offer from the Vendor and parties acting in concert with it for the remaining issued Units not owned or controlled by the Vendor and parties acting in concert with it pursuant to Rule 14 of the Code, as a result of the receipt of (i) the Consideration Units and (ii) the acquisition fee which is required to be paid to the Manager in Units pursuant to the Property Funds Appendix in respect of the Acquisition; and
- the Consideration Units having been approved in-principle for listing on the SGX-ST, there not having occurred any withdrawal of such approval and the conditions to such approval having been fulfilled.

2.6 Rental Support

MBFC Tower 3 is a two-year-old premium Grade A office building with a committed occupancy of approximately 94% as at 31 August 2014. The Vendor will provide Rental Support to Keppel REIT for up to an aggregate amount of approximately S\$49.2 million for a period of five years from Completion for the vacant space and lower-than-market tenancies at MBFC Tower 3.

The Vendor shall pay Keppel REIT a “Relevant Sum” each year, with each Relevant Sum to be paid by way of quarterly installments. For the purpose of the Rental Support, “**Relevant Sum**” means:

- (i) for the period commencing on the Completion Date and ending on 31 December 2014 (both dates inclusive), S\$2,690,000;
- (ii) for the period commencing on 1 January 2015 and ending on 31 December 2015 (both dates inclusive), S\$14,800,000;
- (iii) for the period commencing on 1 January 2016 and ending on 31 December 2016 (both dates inclusive), S\$12,800,000;
- (iv) for the period commencing on 1 January 2017 and ending on 31 December 2017 (both dates inclusive), S\$10,300,000;
- (v) for the period commencing on 1 January 2018 and ending on 31 December 2018 (both dates inclusive), S\$8,615,000; and
- (vi) for the period commencing on 1 January 2019 (inclusive) and ending on the date five calendar years after the Completion Date, S\$0,

and where applicable, adjusted accordingly as per the terms of the Share Purchase Agreement. The income from the committed leases, in addition to the Rental Support, will provide a level of income equivalent to an estimated average gross rental rate of between S\$10.40 psf per month to S\$10.80 psf per month.

On Completion, the aggregate Rental Support amount of approximately S\$49.2 million shall be deducted from the Purchase Consideration. The Manager has the option of either

increasing or decreasing the quantum of each quarterly drawdown, provided that the total aggregate quantum of Rental Support shall be approximately S\$49.2 million and the aggregate quarterly drawdowns in each of the periods specified in sub-paragraphs (i) to (vi) above shall not exceed 110.0% of the Relevant Sums.

The valuations by the Independent Valuers take into account the Rental Support to be provided by the Vendor to Keppel REIT.

The board of directors of the Manager will obtain an opinion from PricewaterhouseCoopers Corporate Finance Pte Ltd as an independent financial adviser (the “**Independent Financial Adviser**”) and take into account the Independent Valuers’ confirmations before forming its view, which will be disclosed in the Circular, as to whether the Rental Support is on normal commercial terms and are not prejudicial to the interests of Keppel REIT and its minority Unitholders.

2.7 Restated Shareholders’ Agreement

Under the terms of the Share Purchase Agreement, it is contemplated that at Completion, the Trustee will enter into a restated shareholders’ agreement with the other shareholders of CBDPL and their parent entities relating to the governance of their relationship as direct or indirect shareholders of CBDPL and CBDPL’s holding and management of MBFC Tower 3.

2.8 Undertaking Deed

As CBDPL holds the entire issued share capital of MBSPL and the intention of Keppel REIT is not to acquire MBSPL, under the terms of the Share Purchase Agreement, it is contemplated that concurrent with the Completion, the Trustee, the Vendor and KLP will enter into an undertaking deed (the “**Undertaking Deed**”) to give effect to their intention that CBDPL’s interest in MBSPL and all rights, benefits, obligations and liabilities relating to MBSPL shall be excluded from the Acquisition.

3. RATIONALE FOR AND BENEFITS FOR THE ACQUISITION AND THE ISSUANCE OF THE CONSIDERATION UNITS

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

3.1 Strategic Addition to Keppel REIT’s Premium Grade A Office Portfolio

Designed by world-renowned New York-based architect Kohn Pedersen Fox Associates, MBFC Tower 3, which is part of the MBFC Development, is a premium Grade A office building located in the heart of prime waterfront land in Marina Bay, the new downtown core area of Singapore’s central business district.

The Acquisition will give Keppel REIT an ownership interest in all three office towers of the MBFC Development, providing the Manager greater flexibility to optimise leasing and operational efficiencies so as to extract maximum value from the premium grade development.

MBFC Tower 3’s key competitive strengths include:

- (a) premium Grade A office specifications with large and regular column-free space ranging from approximately 30,000 sq ft to 45,000 sq ft with all floors being able to accommodate trading operations, floor-to-ceiling windows, as well as modern building services and management systems to cater to tenants' needs;
- (b) excellent connectivity and accessibility with direct access to the Raffles Place interchange and the Downtown MRT stations via MBLM, offering seamless and sheltered commuting for MBFC Tower 3's tenants and visitors. MBFC Tower 3 is also well-served by a comprehensive network of roads to all parts of Singapore. The recently completed Marina Coastal Expressway also provides seamless access to the adjoining expressways and major arterial roads, namely the Kallang-Paya Lebar Expressway, East Coast Parkway and Ayer Rajah Expressway;
- (c) a well-established tenant base including DBS Bank, WongPartnership, Rio Tinto, Booking.com, McGraw-Hill, Clifford Chance, Mead Johnson, Ashurst, Lego, The Norinchukin Bank, Regus Singapore, Milbank, Tweed, Hadley & McCloy, Fitness First and Bank of Montreal; and
- (d) a strategic location in the heart of Marina Bay and situated close to the Marina Bay Sands integrated resort, Gardens by the Bay, Esplanade – Theatres on the Bay, international and boutique hotels, luxury residences as well as a wide range of dining and retail options.

3.2 Stable Income with Growth Potential

Given MBFC Tower 3's prime location, high-end specifications, well-established tenant base and excellent connectivity, the Manager believes that the Acquisition will further enhance income diversification and provide long-term sustainable growth for Unitholders.

The Vendor will also provide Keppel REIT with Rental Support for up to an aggregate of approximately S\$49.2 million for five years from Completion. This will provide income stability for the vacant space and lower-than-market tenancies at MBFC Tower 3.

The income from the committed leases, in addition to the Rental Support, will provide a level of income equivalent to an estimated average gross rental rate of between S\$10.40 psf per month to S\$10.80 psf per month.

Post-Completion of the Acquisition, the proportion of Keppel REIT's properties in Singapore to its entire portfolio (by AUM) will be 88.1%. The Manager believes that the Acquisition will allow Unitholders to participate in the growth potential of Singapore's premium grade office market.

3.3 Enhancing Keppel REIT's Overall Portfolio for Growth

- (a) Strengthening Foothold in the Raffles Place and Marina Bay Financial Precincts

In recent years, the epicentre of prime commercial real estate in Singapore has gradually shifted towards the Raffles Place and Marina Bay districts as newer offices with higher building specifications are developed in these areas. With the ongoing development of the Marina Bay area as well as the Singapore Government's

continued efforts to position Singapore as the Asian financial gateway, the Manager expects the vibrant Marina Bay area to grow further in prominence and importance.

The Manager believes that the addition of MBFC Tower 3 to Keppel REIT's portfolio will further strengthen its presence and position as the leading landlord of premium Grade A buildings in Singapore's business and financial district. The Acquisition will also allow Keppel REIT to capitalise on and benefit from the growth opportunities arising from the continued development of the Marina Bay area.

Post-Completion of the Acquisition, the proportion of Keppel REIT's portfolio of properties in Singapore (by assets under management ("AUM")) in the Raffles Place and Marina Bay areas will increase to approximately 93.0%.

(b) **Enhancing Quality and Improving Average Age of Keppel REIT's Property Portfolio**

Post-Completion of the Acquisition, the average age of Keppel REIT's property portfolio (by NLA) will improve to approximately 5.5 years.

This will position Keppel REIT as the REIT with the youngest portfolio of premium Grade A office assets in Singapore's Raffles Place and Marina Bay precincts. With a young portfolio, extensive asset enhancement initiatives or large capital expenditure would likely not be required.

3.4 Consistent with Keppel REIT's Proactive Investment and Portfolio Optimisation Strategy

The Manager believes in adopting a proactive acquisition, portfolio optimisation and renewal strategy to constantly upgrade the portfolio's asset quality as well as maintain its market competitiveness.

On 15 May 2014, Keppel REIT announced the divestment of its 92.8% interest in the 16-year-old Prudential Tower (the "**Prudential Tower Divestment**") for S\$512.0 million, which is a 4.5% above the last valuation and a 46.7% premium over Keppel REIT's original purchase price⁶. The Manager intends to use part of the proceeds from the Prudential Tower Divestment to fund the Acquisition, thereby allowing Unitholders to enjoy an upgrade in Keppel REIT's portfolio asset quality and increased exposure to the premium Grade A office sector whilst minimising the amount of equity fund raising needed for the Acquisition.

The Prudential Tower Divestment and the Acquisition will provide income resilience and sustainability to Unitholders.

3.5 Enhanced Quality of Tenant Base and Improved Lease Profile

The Acquisition is expected to improve the quality of Keppel REIT's tenant base with the addition of major tenants, both from the financial and non-financial sectors as the total number of tenants in the portfolio post-Completion of the Acquisition, will increase from 225 to 271,

⁶ The valuation of the property as at 28 April 2014 was S\$490.0 million and Keppel REIT's original purchase price of the property was S\$349.1 million.

providing greater diversification of income streams to Keppel REIT.

The weighted average lease expiry (the “WALE”) (by NLA) for MBFC Tower 3 stands at 7.0 years. This will allow Unitholders to enjoy income stability from the Acquisition and also a potential increase in income during the rent reviews of leases at MBFC Tower 3.

Post-Completion of the Acquisition, the WALE (by NLA) for the top 10 tenants is expected to lengthen to 9.2 years⁷. In addition, Keppel REIT’s portfolio WALE (by NLA) is also expected to lengthen to 6.4 years⁷, with not more than 18.2% of the Enlarged Portfolio (by NLA) expiring in any one year over the next five years.

3.6 Rationale for the Issuance of Consideration Units

The issuance of Consideration Units will align the interests of Keppel Land with that of Keppel REIT and its Unitholders, as the Vendor is a wholly-owned subsidiary of Keppel Land and Keppel Land is a controlling Unitholder of Keppel REIT. This also demonstrates Keppel Land’s long-term commitment to support Keppel REIT’s growth story and enhance investors’ confidence in Keppel REIT.

The issuance of Consideration Units will also result in Keppel REIT raising less equity from the market in the Placement (as defined herein).

As the part payment to Vendor in the form of Units will only be issued on Completion Date, there will be no impact on the DPU (as defined herein) for the period from the date of this announcement to the date of issuance of the proposed Consideration Units.

4. METHOD OF FINANCING AND FINANCIAL EFFECTS

4.1 Method of Financing

The Manager intends to finance the Total Acquisition Cost (excluding the Acquisition Fee (as defined herein) payable in Units) with (i) the issue of new Units to the Vendor amounting to S\$185.0 million (the “**Consideration Units**”), (ii) net proceeds from the placement of 195,000,000 new Units (the “**Placement**”)⁸ (see the announcement dated 18 September 2014 for further details of the Placement), (iii) part of the proceeds from the Prudential Tower Divestment, and (iv) borrowings.

4.2 Pro Forma Financial Effects

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Acquisition on the distribution per Unit (“**DPU**”) and NAV per Unit presented below are strictly for illustrative purposes and were prepared based on the audited financial statements of Keppel REIT for the financial year ended 31 December 2013 as well as the following assumptions:

⁷ Excluding the new office tower to be built on the site of the Old Treasury Building, the WALE (by NLA) for the top 10 tenants is expected to be 6.9 years and the WALE (by NLA) for the portfolio is expected to be 5.4 years.

⁸ Should the Acquisition not proceed, the net proceeds from the Placement will be deployed to fund future investments or pare down debt.

- (i) net proceeds of approximately S\$224.6 million from the placement of 195,000,000 new Units;
- (ii) additional borrowings of S\$120.7 million to part-finance the Acquisition;
- (iii) approximately S\$185.2 million from the proceeds of the Prudential Tower Divestment to part-finance the Acquisition;
- (iv) approximately S\$12.0 million of the Acquisition Fee, payable to the Manager fully in Units; and
- (v) S\$185.0 million of the Purchase Consideration is payable to the Vendor via the issuance of the Consideration Units.

4.2.1 Pro Forma DPU

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Acquisition on Keppel REIT's DPU for the financial year ended 31 December 2013 ("FY2013"), as if the Prudential Tower Divestment and the Acquisition were completed on 1 January 2013, and Keppel REIT held and operated the MBFC Tower 3 Interest through to 31 December 2013 are as follows:

	Effects of the Acquisition		
	Before the Prudential Tower Divestment and the Acquisition	After the Prudential Tower Divestment and Before the Acquisition	After the Prudential Tower Divestment and After the Acquisition
Net Profit before Tax (S\$'000)	551,702	560,325 ⁽¹⁾	572,998 ⁽²⁾
Distributable Income (S\$'000)	214,043	216,372 ⁽³⁾	243,148 ⁽⁴⁾
Issued Units ('000)	2,787,682 ⁽⁵⁾	2,981,524 ⁽⁶⁾	3,154,560 ⁽⁷⁾
DPU (cents)	7.88	7.56	7.89

Notes:

- (1) Includes the repayment of S\$250.0 million borrowings with the proceeds from the Prudential Tower Divestment.
- (2) Includes Keppel REIT's one-third share of the net profit of CBDPL, based on its unaudited financial statements for FY2013, the assumed rental support payment of S\$19.6 million to achieve the expected contribution from MBFC Tower 3 Interest in FY2015, and deducting additional borrowing costs, Manager's management fees, amortisation expense and trust expenses in connection with the Acquisition.
- (3) Includes net tax adjustments relating to non-taxable/deductible income/expenses relating to the portion of the Manager's management fees which are payable in the form of Units, straight-lining of rental escalation, amortisation expenses, Trustee fees and other expenses, and adjustments to include capital distribution of S\$12.0 million, and dividend income received from One Raffles Quay Pte Ltd ("ORQPL") and BFC Development LLP ("BFCDLLP").
- (4) Includes net tax adjustments relating to non-taxable/deductible income/expenses relating to the portion

of the Manager's management fees which are payable in the form of Units, straight-lining of rental escalation, amortisation expenses, Trustee fees and other expenses, and adjustments to include capital distribution of S\$12.0 million, and dividend income received from ORQPL, BFCDLLP and CBDPL.

- (5) Number of Units issued as at 31 December 2013.
- (6) Includes the placement of 195,000,000 new Units and excludes approximately 1,158,000 Units (based on actual number of Units issued for FY2013) issued to the Manager as payment of the management fees in relation to Prudential Tower.
- (7) Includes approximately 158,120,000 Consideration Units issuable to the Vendor and approximately 10,246,000 new Units (at an illustrative issue price of S\$1.17 per Unit) issuable as payment of the Acquisition Fee, and approximately 4,670,000 new Units issuable to the Manager as payment of the management fees in relation to MBFC Tower 3.

4.2.2 Pro Forma NAV

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Acquisition on the NAV per Unit as at 31 December 2013, as if the Prudential Tower Divestment and the Acquisition were completed on 31 December 2013, are as follows:

	Effects of the Acquisition		
	Before the Prudential Tower Divestment and the Acquisition	After the Prudential Tower Divestment and Before the Acquisition	After the Prudential Tower Divestment and After the Acquisition
NAV (S\$'000) ⁽¹⁾	3,842,076	4,081,916	4,278,904
Issued Units ('000)	2,787,682 ⁽²⁾	2,982,682 ⁽³⁾	3,151,048 ⁽⁴⁾
NAV per Unit (S\$)	1.38	1.37	1.36

Notes:

- (1) Adjusted for the distribution paid on 28 February 2014 for the period from 1 October 2013 to 31 December 2013.
- (2) Number of Units issued as at 31 December 2013.
- (3) Includes the placement of 195,000,000 new Units.
- (4) Includes approximately 158,120,000 Consideration Units issuable to the Vendor and approximately 10,246,000 new Units (at an illustrative issue price of S\$1.17 per Unit) issuable as payment of the Acquisition Fee.

4.2.3 Pro Forma Capitalisation

FOR ILLUSTRATIVE PURPOSES ONLY: The following table sets forth the pro forma capitalisation of Keppel REIT as at 31 December 2013, as if Keppel REIT had completed the Prudential Tower Divestment and the Acquisition on 31 December 2013.

	Before the Prudential Tower Divestment and the Acquisition	After the Prudential Tower Divestment and Before the Acquisition	After the Prudential Tower Divestment and After the Acquisition
	(S\$ '000)	(S\$ '000)	(S\$ '000)
Short-term debt:			
Secured debt	281,953	281,953	281,953
Total short-term debt	281,953	281,953	281,953
Long-term debt:			
Secured debt	882,642	633,619 ⁽¹⁾	633,619 ⁽¹⁾
Unsecured debt	1,518,263	1,518,263	1,638,963 ⁽²⁾
Total long-term debt	2,400,905	2,151,882⁽¹⁾	2,272,582⁽¹⁾⁽²⁾
Total debt	2,682,858	2,433,835⁽¹⁾	2,554,535⁽¹⁾⁽²⁾
Unitholders' funds ⁽³⁾	3,842,076	4,081,916	4,278,904
Total Capitalisation	6,524,934	6,515,751	6,833,439

Notes:

- (1) Adjusted for the repayment of borrowings of S\$250.0 million net of transaction costs, with the proceeds from the Prudential Tower Divestment.
- (2) Includes the bank borrowings of S\$120.7 million to part- finance the Acquisition.
- (3) Adjusted for the distribution paid on 28 February 2014 for the period from 1 October 2013 to 31 December 2013.

5. WHITEWASH RESOLUTION

The Manager proposes to seek approval from Independent Unitholders⁹ for a waiver of their right to receive a mandatory offer pursuant to the Code from the Vendor and parties acting in concert with the Vendor for the remaining issued Units not owned or controlled by the Vendor and parties acting in concert with the Vendor, that may be triggered as a result of the receipt of (i) the Consideration Units and (ii) the acquisition fee which is required to be paid to the Manager

⁹ "Independent Unitholders" means Unitholders other than the Vendor, parties acting in concert with the Vendor and parties which are not independent of the Vendor.

in Units pursuant to the Property Funds Appendix in respect of the Acquisition (the waiver sought from Independent Unitholders, the “**Whitewash Resolution**”).

Details of the Whitewash Resolution will be set out in the Unitholders’ circular to be issued in relation to the Acquisition (the “**Unitholders’ Circular**”).

6. AUDIT AND RISK COMMITTEE STATEMENT

The audit and risk committee of the Manager will obtain an opinion from the Independent Financial Adviser on the Acquisition, the proposed issuance of the Consideration Units and the Whitewash Resolution before forming its view, which will be disclosed in the Circular, as to whether the Acquisition, the proposed issuance of the Consideration Units and the Whitewash Resolution are on normal commercial terms and is not prejudicial to the interests of Keppel REIT and its minority Unitholders.

7. OTHER INTERESTED PERSON TRANSACTIONS

As at the date of this announcement, the value of all interested person transactions entered into between (1) Keppel REIT and (2) KCL, Keppel Land and their subsidiaries and associates during the course of the current financial year is approximately S\$646,000.

As at the date of this announcement, the value of all interested person transactions of Keppel REIT is S\$646,000.

8. INTERESTS OF DIRECTORS AND CONTROLLING UNITHOLDERS

As at the date of this announcement and based on information available to the Manager as at the date of this announcement, certain directors of the Manager collectively hold an aggregate direct and indirect interest in 3,201,833 Units.

Dr Chin Wei-Li, Audrey Marie is the Chairman and a Non-Executive Independent Director of the Manager. Ms Ng Hsueh Ling is the Chief Executive Officer and an Executive Director of the Manager. Mr Tan Chin Hwee is a Non-Executive Independent Director of the Manager. Mr Lor Bak Liang is a Non-Executive Independent Director of the Manager. Mr Ang Wee Gee is a Non-Executive Director of the Manager and the Chief Executive Officer and Executive Director of Keppel Land. Mr Lim Kei Hin is a Non-Executive Director of the Manager and the Chief Financial Officer of Keppel Land.

As at the date of this announcement and based on information available to the Manager as at the date of this announcement, Keppel Land holds, through KRIPL, an aggregate interest in 1,261,308,499 Units, which is equivalent to approximately 44.93% of the total number of Units in issue.

As at the date of this announcement and based on information available to the Manager as at the date of this announcement, KCL, through KREIPL and KRIPL, has a deemed interest in

1,267,058,053 Units, which comprises approximately 45.14% of the total number of Units in issue.

As at the date of this announcement and based on information available to the Manager as at the date of this announcement, Temasek Holdings (Private) Limited, through its interests in KCL and DBS Group Holdings Limited, has a deemed interest in 1,301,309,075 Units, which comprises approximately 46.36% of the total number of Units in issue.

Save as disclosed above and based on information available to the Manager as at the date of this announcement, none of the directors of the Manager or the controlling Unitholders has an interest, direct or indirect, in the Acquisition.

9. OTHER INFORMATION

9.1 Director's 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.

9.2 Disclosure under Rule 1010(13) of the Listing Manual

Chapter 10 of the Listing Manual classifies transactions by Keppel REIT into (i) non-discloseable transactions, (ii) discloseable transactions, (iii) major transactions and (iv) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on, *inter alia*, the following bases or comparison set out in Rules 1006(b), 1006(c) and Rule 1006(d) of the Listing Manual:

- (i) the net profits attributable to the assets acquired, compared with Keppel REIT's net profits;
- (ii) the aggregate value of the consideration given, compared with Keppel REIT's market capitalisation;
- (iii) the number of Units issued by Keppel REIT as consideration for the Acquisition, compared with the number of Units previously in issue.

The relative figures for the Acquisition using the applicable bases of comparison described above are set out in the table below.

Comparison of	Acquisition	Keppel REIT	Relative figure (%)
Profits (S\$ million)	12.8 ⁽¹⁾	82.9 ⁽²⁾	15.4
Consideration against market capitalisation (S\$ million)	710.1 ⁽³⁾	3,425.9 ⁽⁴⁾	20.7
Units issued as consideration against Units previously in issue ('000)	149,495 ⁽⁵⁾	2,806,975 ⁽⁶⁾	5.3

Notes:

- (1) The figure is based on Keppel REIT's one-third share of the unaudited results of CBDPL for the six-month period ended 30 June 2014.
- (2) The figure is based on the unaudited results of Keppel REIT for the six-month period ended 30 June 2014.
- (3) The figure represents the estimated Purchase Consideration. The actual purchase consideration for the Acquisition will be determined in the manner as set out in paragraph 2.2 above. In accordance with Rule 1003 of the Listing Manual, where the consideration is in the form of units, the value of the consideration shall be determined by reference either to the market value of such units or the net asset value represented by such units, whichever is higher. For illustrative purposes, based on Keppel REIT's volume weighted average unit price of \$1.2375 for the 10 days immediately preceding the date of the Share Purchase Agreement and net asset value per unit as at 30 June 2014 of S\$1.40, the aggregate value of the estimated Purchase Consideration would be approximately S\$734.4 million and the relative figure would be approximately 21.4%.
- (4) The figure is based on the weighted average traded price of S\$1.2205 per Unit on SGX-ST as at 17 September 2014, being the day immediately prior to the entry into of the Share Purchase Agreement.
- (5) The figure is based on Keppel REIT's volume weighted average unit price of \$1.2375 for the 10 days immediately preceding the date of the Share Purchase Agreement.
- (6) Number of Units issued as at 17 September 2014, being the day immediately prior to the entry into of the Share Purchase Agreement.

The Manager is of the view that the Acquisition is in the ordinary course of Keppel REIT's business as the MBFC Tower 3 Interest 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 notwithstanding that the relative figure exceeds 20.0%. 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.

9.3 Documents for Inspection

Copies of the Share Purchase Agreement and the independent valuation reports of Cushman and Savills for the MBFC Tower 3 Interest are available for inspection during normal business hours at the registered office of the Manager¹⁰ at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 for a period of three months commencing from the date of this announcement.

10. ASSET VALUATION

The Manager has obtained independent valuations as at 31 August 2014, of the following Singapore properties owned by Keppel REIT:

- (i) the 99.9% interest in Ocean Financial Centre ("**OFC Interest**");
- (ii) the one-third interest in Marina Bay Financial Centre Phase One ("**MBFC Phase One Interest**");

¹⁰ Prior appointment with the Manager will be appreciated.

- (iii) the one-third interest in One Raffles Quay (“**ORQ Interest**”); and
- (iv) Bugis Junction Tower (“**BJT**”)

(collectively, the “**Singapore Properties**”). The valuations exclude that of Prudential Tower as the divestment is expected to be completed on 26 September 2014.

The valuations of the Singapore Properties as at 31 August 2014 are as follows:

Property	Valuation as at 31 August 2014 (S\$'000)
OFC Interest	2,543,000
MBFC Phase One interest	1,619,000
ORQ Interest	1,215,000
BJT	521,850
Total	5,898,850

The valuation reports for the Singapore Properties are available for inspection during normal business hours at the registered office of the Manager¹¹ at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632, for a period of three months commencing from the date of this announcement.

By Order of the Board

Keppel REIT Management Limited
 (Company Registration Number: 200411357K)
 as manager of Keppel REIT

Choo Chin Teck / Kelvin Chua Hua Yeow
 Joint Company Secretaries
 18 September 2014

Important Notice

The value of Units and the income from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by the Manager, or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders of Keppel REIT may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of Keppel REIT is not necessarily indicative of the future performance of Keppel REIT.

¹¹ Prior appointment with the Manager will be appreciated.