



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

ANNOUNCEMENT

DIVESTMENT OF KEPPEL REIT'S 100% INTEREST IN 77 KING STREET OFFICE TOWER, SYDNEY, AUSTRALIA

1. INTRODUCTION

1.1. Sale

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, through The Trust Company (Australia) Limited as trustee of Keppel REIT (Australia) Sub-Trust 1, a wholly-owned sub-trust of Keppel REIT, has today entered into a contract of sale ("**Sale Agreement**") with ARE Noble Pty Ltd, a wholly-owned subsidiary of Invesco Asia Core Fund for the sale (the "**Sale**") of Keppel REIT's 100% interest in Lots 1, 3, 4 and 5 of 77 King Street, Sydney (the "**Property**"), for an aggregate sale consideration of A\$160 million or approximately S\$160 million¹ (the "**Consideration**").

1.2. Information on 77 King Street

Located in Sydney's Central Business District, 77 King Street offers approximately 147,000 square feet of net lettable area over 18 levels of offices and two basement levels of retail space.

2. PRINCIPAL TERMS OF THE SALE

2.1. Sale Consideration and Valuation

Pursuant to the Sale Agreement, Keppel REIT will sell its interest in the Property to the Purchaser for a Consideration of A\$160 million or approximately S\$160 million¹. The Sale is expected to be completed in the first quarter of 2016.

Savills Valuation and Professional Services (S) Pte Ltd ("**Savills**") was commissioned by the Manager to value the Property for Keppel REIT. The Property was valued at A\$126 million as at 31 July 2015. The basis of the valuation was the capitalisation approach and the discounted cash flow approach.

The Consideration was negotiated on a willing-buyer and willing-seller basis after taking into account the independent valuation of A\$126 million as at 31 July 2015. A deposit of A\$16 million or approximately S\$16 million¹, equivalent to 10% of the Consideration, has been paid by the Purchaser upon execution of the Sale Agreement. The remaining Consideration shall be paid upon completion of the Sale.

¹ Based on the exchange rate of A\$1=S\$1, as at 14 January 2016.

The Property is sold strictly on an 'as-is' basis and subject to all matters disclosed by and/or described in the Sale Agreement, and the Purchaser takes title subject to the tenancies.

3. RATIONALE FOR THE DIVESTMENT

The Manager believes that the Sale will be beneficial to unitholders of Keppel REIT ("**Unitholders**") as Keppel REIT is expected to recognise an estimated gain of approximately A\$28 million over the book value of A\$126 million. The purchase price of A\$160 million is approximately 40% above Keppel REIT's original purchase price of A\$116 million in end-2010 and an approximate 27% premium over the Property's latest valuation. In addition, the Sale will allow, among others, Keppel REIT to repay existing debt so as to provide greater financial flexibility and to fund general corporate expenses, working capital and future investments.

4. USE OF DIVESTMENT PROCEEDS AND FINANCIAL EFFECTS

4.1. Use of Divestment Proceeds

The Manager intends to use the divestment proceeds to repay existing debt, fund general corporate and working capital purposes, and/or for future investment opportunities.

4.2. Pro Forma Financial Effects

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Sale on the net asset value ("**NAV**") per unit in Keppel REIT ("**Unit**"), the distribution per Unit ("**DPU**") and aggregate leverage of Keppel REIT presented below were prepared based on the audited financial statements of Keppel REIT for the financial year ended 31 December 2014.

4.2.1 Pro Forma NAV of the Sale

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Sale on the NAV per Unit as at 31 December 2014, as if the Sale was completed on 31 December 2014, are as follows:

	Effects of the Sale	
	Before the Sale	After the Sale
NAV per Unit (S\$)	1.41	1.41

4.2.2 Pro Forma DPU of the Sale

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Sale on Keppel REIT's DPU for the financial year ended 31 December 2014, as if Keppel REIT had completed the Sale on 1 January 2014, are as follows:

	Effects of the Sale	
	Before the Sale	After the Sale
DPU (cents)	7.23	7.10 ⁽¹⁾

Note:

(1) Based on assumption that the entire net proceeds from the Sale are used for repayment of borrowings.

4.2.3 Pro Forma Aggregate Leverage of the Sale

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Sale on Keppel REIT's aggregate leverage as at 31 December 2014, as if Keppel REIT had completed the Sale on 31 December 2014, are as follows:

	Effects of the Sale	
	Before the Sale	After the Sale
Aggregate Leverage (%)	43.3	42.1 ⁽¹⁾

Note:

(1) Based on assumption that the entire net proceeds from the Sale are used for repayment of borrowings.

5. OTHER INFORMATION

5.1. Interests of Directors and Controlling Unitholders

Save for the unitholding interests in Keppel REIT held by certain directors of the Manager and the controlling Unitholders, 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 Sale.

5.2. Director's Service Contracts

No person is proposed to be appointed as director of the Manager in connection with the Sale or any other transaction contemplated in relation to the Sale.

5.3. 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:

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

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

Comparison of:	Sale	Keppel REIT	Relative figure (%)
Net asset value (S\$'million) ⁽¹⁾	126	4,446	2.8
Net profits (S\$'million) ⁽¹⁾	6	133	4.5
Consideration against market capitalisation (S\$'million)	160	2,878 ⁽²⁾	5.6

Notes:

(1) Based on Keppel REIT's latest announced unaudited financial results for the period ended 30 September 2015.

(2) As at 14 January 2016 being the market day preceding the date of the Sale Agreement.

Under Rule 1010 of the Listing Manual, where any of the relative figures computed on the bases set out above exceeds 5% but does not exceed 20%, the Sale is regarded as being a discloseable transaction.

5.4. Documents for Inspection

Copies of the Sale Agreement and the independent valuation by Savills 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 098632², 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

Law Zhi-En, Daniel /Tan Weiqiang, Marc
Joint Company Secretaries
17 January 2016

Important Notice

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units.

The value of Units and the income derived 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 may only deal in their Units through trading on the Singapore Exchange Securities Trading Limited ("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.

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² Prior appointment with the Manager will be appreciated.