

Media Release

Response by Keppel Corporation to questions from Securities Investors Association (Singapore) on the proposed acquisition of SPH by way of a scheme of arrangement

Singapore, 30 November 2021 – In response to the questions posed by Securities Investors Association (Singapore) (SIAS) on 23 November 2021 on Keppel Corporation’s proposed acquisition of Singapore Press Holdings Limited (SPH) by way of a scheme of arrangement, Keppel’s spokesperson would like to provide the following comments:

“We would like to thank SIAS for the questions posed to help SPH shareholders better understand the proposed transaction. Our responses are as follows, with the questions from SIAS reflected in bold:

- 1. Keppel has waived its walk away right under the Material Adverse Effects (MAE) clause. This was reiterated in Keppel’s media release dated 16 November 2021. In contrast, a similar MAE clause remains in place for the competing Cuscaden Scheme until the date of the despatch of the Cuscaden Scheme document and is also subject to other conditions.**

How attractive is the waiver of the MAE clause to SPH shareholders?

The MAE clause was drafted to allow an offeror to walk away from the deal if certain financial conditions are not met and if approved by the Securities Industry Council (“SIC”). Keppel Pegasus Pte Ltd (“Keppel”) has waived this “walk away” right, hence giving SPH shareholders certainty that Keppel will not exercise this right (even if the financial conditions are not met). Based on market precedents, it is not common for an offeror with a MAE offer condition to waive it before shareholders have decided on the offer; hence, it is a deliberate decision on Keppel’s part to improve the attractiveness of Keppel’s offer.

There is a market precedent in Singapore of the MAE condition being relied on by an offeror to cause its offer to lapse with the consent of the SIC, so this risk should not be dismissed.

2. Given that Keppel shareholders can vote against the acquisition in the event of MAE experienced by SPH, what steps will Keppel take to ensure the success of the Keppel shareholder meeting?

Since the initial announcement of the SPH offer, Keppel Corporation has been proactively engaging our shareholders to articulate our rationale for the proposed acquisition and plans for SPH. We believe the SPH transaction presents a unique opportunity for Keppel to acquire a portfolio of businesses strategically aligned to Keppel Corporation's focus areas under Vision 2030 – Keppel Corporation's long-term strategy to guide our growth and transformation.

We believe that Keppel Corporation is uniquely positioned to enhance and unlock the value of SPH's portfolio. Having received the regulatory approvals from MAS and FIRB, and with the Keppel Corporation shareholders' meeting being set for 9 December 2021, Keppel will be able to close the transaction more expeditiously than Cuscaden.

We will continue to engage Keppel Corporation's shareholders in the lead up to Keppel Corporation's shareholder meeting on 9 December 2021 and are optimistic that Keppel Corporation's shareholders will share our favourable view on the proposed acquisition of SPH and support the transaction.

As the Keppel shareholders meeting will take place ahead of the SPH shareholder vote on the transaction, by the time the SPH shareholders vote on the offer from Keppel, it would be known whether the approval from Keppel shareholders has been obtained.

3. Keppel, as the first mover, has had a head start and has obtained the requisite regulatory approvals from the Foreign Investment Review Board (FIRB) of Australia and the Monetary Authority of Singapore. No approval is required from IMDA. Keppel has stressed that any competing offeror would have to go through the administrative processes to obtain the requisite approvals and that would take time.

If so (and taking into account Question 1), can Keppel elaborate further if the Keppel offer really provides more “deal certainty” to SPH shareholders by the time the SPH shareholders need to finalise their vote at the Keppel Scheme Meeting (scheduled on 8 December)?

Keppel believes that the Keppel offer is compelling and provides the highest deal certainty and shortest time to pay-out compared to all possible competing offers out there. For the Keppel offer to proceed, Keppel only has to obtain approvals from the respective shareholders of Keppel Corporation and SPH and the sanction of the Singapore High Court.

The Keppel Extraordinary General Meeting (EGM) notice was sent on 24 November 2021 and the Keppel Corporation EGM for Keppel Corporation's shareholders to vote on this matter will be held on 9 December 2021. Should Keppel Corporation's shareholders vote in favour of the proposed acquisition of

SPH, the Keppel offer will proceed so long as SPH's shareholders vote in favour of the Keppel scheme and the sanction of the Singapore High Court is received.

- 4. In the announcement made by Keppel on 16 November 2021, it is noted that “the sooner the scheme is approved the better it is for SPH, so as to reduce any further uncertainty and instability for its various stakeholders and preserve value”. Could Keppel explain what it meant by “further uncertainty and instability”, and the urgency for SPH shareholders to cast their votes?**

The uncertainty that arises from being the subject of a long-drawn takeover offer can have a destabilising effect on the target company. It distracts senior management, can affect staff morale and creates uncertainty for suppliers and customers.

Keppel is not a consortium. The businesses of SPH, such as SPH REIT, retail assets, purpose-built student accommodation, senior living solutions (Orange Valley) and M1, fit well into our Vision 2030 plans. Should we succeed with the privatisation of SPH, we plan to integrate and grow these businesses as part of Keppel's current business.

- 5. Some SPH shareholders have highlighted to SIAS that it would be fairer and easier for them to decide on the two offers if both offers are allowed to be considered at the same time. In the best interest of SPH shareholders, should they not consider the merits of both offers, before deciding on the offers?**

The fact remains that the Keppel offer pursuant to Keppel's scheme is the offer selected by SPH's Board after SPH completed an orderly 2-stage process to shortlist and select the winning bidder for SPH and its business. Keppel had entered into an implementation agreement with SPH on 2 August 2021 after abiding by the due process initiated by SPH and its professional advisors and subsequently, improved its offer to a definitive final value in discussions with SPH. As part of those discussions, SPH and Keppel agreed on certain contractual obligations as to the due process to be taken. Naturally, Keppel wishes to have the Keppel Scheme Meeting held as soon as possible in accordance with those contractual obligations imposed on both Keppel and SPH under the implementation agreement.

Once SPH has issued its circular to SPH shareholders on Keppel's offer (the “Keppel Scheme Composite Document”), Keppel believes that SPH shareholders would have all the relevant information they need in order to vote on the Keppel Scheme.

6. Can Keppel explain why it is beneficial to existing SPH shareholders to receive units of Keppel REIT that trades at a discount to NAV? What is Keppel REIT's average discount to its NAV in the past 1 year, 3 years and 5 years so as to help SPH shareholders understand the attractiveness of receiving Keppel REIT units?

Why are SPH shareholders asked to “trade” their exposure to the current SPH assets for commercial properties owned by Keppel REIT? It would appear that Keppel REIT units are included in the consideration to help Keppel reduce the cash outlay for the acquisition.

While the inclusion of Keppel REIT units helps Keppel Corporation reduce the cash outlay for the acquisition, it also provides SPH shareholders with the opportunity to hold the listed Keppel REIT units as an investment or monetise the holding as they deem fit and according to their individual investment needs.

Keppel REIT is currently trading at approximately 5% distribution yield. We note that both Keppel REIT and SPH REIT have consistently paid out cash distributions on the respective issued units.

SPH shareholders will also receive Keppel REIT units that are trading at 10% discount to NAV¹. As requested by SIAS, the table below discloses Keppel REIT's average discount to its NAV in the past 1 year, 3 years and 5 years, and there is a self-evident trend of a diminishing discount to NAV over time:

Time period	P/NAV² (expressed as a discount to NAV)
1 year average from 9 Nov 2021	9% discount
3 year average from 9 Nov 2021	12% discount
5 year average from 9 Nov 2021	15% discount

7. On the technicalities of Keppel's offer, while SPH is no longer able to enter into any other proposed scheme of arrangement after 16 November 2021, the deadline for any competing general offer is 1 December 2021, including Keppel which has the “Switch Option”.

What are the factors being considered by Keppel on the Switch Option given that SPH has now declared that the Cuscaden Scheme is superior to the Keppel Scheme subject to the IFA's opinion? When will Keppel announce its decision on the “Switch Option”?

We do not want to speculate on any possible competing general offer, but we do believe that Keppel's final offer is a compelling one and a win-win proposition which

¹ Reported adjusted NAV as of 30 Sep 2021

² Adjusted NAV basis

would be put to both Keppel Corporation's and SPH's shareholders for their respective decisions.

8. On the conduct of the Scheme Meeting, will Keppel be conducting a Scheme Meeting and/or have live "Q&A" and live voting at the hybrid/online Scheme Meeting? If not, what is the deadline for shareholders to submit their votes for the Scheme Meeting?

The Keppel Scheme Meeting will be convened and held by SPH, which will provide SPH shareholders with details of the meeting.

Keppel will separately convene an EGM on 9 December 2021 at 10:30am (Singapore time) for the purpose of seeking the approval of Keppel's shareholders for the proposed acquisition.

All Keppel shareholders (including CPF/SRS Investors) may submit questions relating to the business of the EGM in advance of, or live at, the EGM. Shareholders will only be able to vote at the EGM by appointing the Chairman of the EGM as proxy to attend, speak and vote on their behalf. There will not be "live voting".

Shareholders are requested to submit the proxy form for the EGM no later than 6 December 2021 on 10:30am (being 72 hours before the time appointed for the holding of the EGM).

Further details can be found in the EGM circular and Letter to Shareholders on 24 November 2021.

Conclusion

We would like to conclude by reiterating that we believe that Keppel's offer:

- (1) **Is compelling in value:** SPH's shareholders will be able to participate in the potential growth of both Keppel REIT and SPH REIT as well as receive distributions from Keppel REIT and SPH REIT following the completion of the transaction, in addition to being able to receive Keppel REIT units at a 10% discount to its NAV as of 30 September 2021. To give an illustration of the accrued distributions, assuming the transaction had been completed on 15 January 2021, the combined accrued distributions from Keppel REIT (for the period from 1 July 2020 to 31 December 2020) and SPH REIT (for the period from 1 September 2020 to 30 November 2020) would have been approximately S\$0.03 per SPH share³.

³ This is calculated using the distribution of S\$0.0293 per Keppel REIT unit which was declared on 25 January 2021 and had its books enclosure date on 2 February 2021, and the distribution of S\$0.0120 per SPH REIT unit which was declared on 13 January 2021 and had its books enclosure date on 21 January 2021.

- (2) **Is firm and the MAE condition is waived:** requisite regulatory approvals have been obtained, while no approval is required from IMDA, the MAE condition has been waived and the Keppel EGM has been set for 9 December 2021.
- (3) **Offers the shortest time to pay-out:** Keppel's offer provides the shortest time to pay-out by mid-January 2022 for SPH's shareholders if our deal is approved by Keppel Corporation's shareholders, SPH shareholders and the High Court of Singapore by the end of the year.

We hope the above addresses the questions that SPH shareholders may have about the transaction.”

Disclaimer

This response is for information purposes only and does not have regard to your specific investment objectives, financial situation or your particular needs. Any information in this response is not to be construed as investment or financial advice and does not constitute an invitation, offer or solicitation of any offer to acquire, purchase or subscribe for shares in Keppel Corporation (the “Shares”). The past performance of Keppel Corporation is not indicative of the future performance of Keppel Corporation.

Certain statements in this response may constitute “forward-looking statements”, including forward-looking financial information. Such forward-looking statements and financial information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Keppel Corporation or industry results, to be materially different from any future results, performance or achievements, expressed or implied by such forward-looking statements and financial information. Such forward-looking statements and financial information are based on numerous assumptions regarding Keppel Corporation's present and future business strategies and the environment in which Keppel Corporation will operate in the future. Actual future performance, outcomes and results may differ materially from these forward-looking statements and financial information. As these statements and financial information reflect management's current views concerning future events, these statements and financial information necessarily involve risks, uncertainties and assumptions. These forward-looking statements speak only as at the date of this response. No assurance can be given that future events will occur, that projections will be achieved, or that assumptions are correct.

Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management regarding future events. No representation or warranty express or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this presentation. Neither Keppel Corporation nor any of its affiliates or representatives or the advisers of Keppel

Pegasus Pte. Ltd. (including J.P. Morgan) shall have any liability whatsoever for any loss howsoever arising, whether directly or indirectly, from any use of, reliance on or distribution of this response or its contents or otherwise arising in connection with this response. None of Keppel Corporation nor its affiliates or representatives or the advisers of Keppel Pegasus Pte. Ltd. (including J.P. Morgan) undertakes any obligation to update publicly or revise any forward-looking statements.

The information and opinions contained in this response are subject to change without notice.

The response is qualified in its entirety by, and should be read in conjunction with, the full text of the joint announcements released by SPH and Keppel Pegasus Pte. Ltd. on 2 August 2021 and 9 November 2021 (the “Joint Announcements”) and the Circular despatched by Keppel Corporation to its shareholders on 24 November 2021 (the “Circular”). In the event of any inconsistency or conflict between the Joint Announcements and the Circular on one hand and the information contained in this response on the other, the Joint Announcements and the Circular shall prevail. All capitalised terms not defined in this response shall have the meanings ascribed to them in the Joint Announcements and the Circular.

Responsibility Statement

The directors of Keppel Corporation (including those who may have delegated detailed supervision of this response) have taken all reasonable care to ensure that the facts stated and opinions expressed in this response which relate to Keppel Corporation (excluding information relating to SPH, SPH REIT, Keppel REIT or Cuscaden (save for Keppel Corporation’s unitholding interest in Keppel REIT)) are fair and accurate and that there are no other material facts not contained in this response, the omission of which would make any statement in this response misleading. The directors of Keppel Corporation jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from SPH, the sole responsibility of the directors of Keppel Corporation has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this response. The directors of Keppel Corporation do not accept any responsibility for any information relating to SPH, SPH REIT, Keppel REIT or Cuscaden (save for Keppel Corporation’s unitholding interest in Keppel REIT).

– END –

For more information, please contact:

Ivana Chua (Ms)
Deputy General Manager
Group Corporate Communications
Keppel Corporation Limited
DID: (65) 6413 6436
Email: ivana.chua@kepcorp.com

About Keppel Corporation

Keppel Corporation is one of Singapore's flagship multinational companies with a global footprint in more than 20 countries. Keppel provides solutions for sustainable urbanisation, focusing on four key areas comprising energy & environment, urban development, connectivity and asset management. With sustainability at the core of its strategy, Keppel harnesses the strengths and expertise of its business units to develop, operate and maintain real assets, which provide diverse solutions that are good for the planet, for people and for the Company.