

JOINT VENTURE AND SUBSCRIPTION OF UNITS IN RELATION TO THE PROPOSED LISTING OF PRIME US REIT

1. Introduction

Keppel Corporation Limited ("**KCL**") wishes to announce that Keppel Capital Two Pte. Ltd. ("**Keppel Capital Two**"), a wholly-owned subsidiary of KCL held through Keppel Capital Holdings Pte. Ltd. ("**Keppel Capital**"), has today:

- (i) agreed to acquire from KBS Asia Partners Pte. Ltd. ("**KAP**") a 30% interest in KBS US Prime Property Management Pte. Ltd. ("**Prime US REIT Manager**") for an aggregate consideration of USD21,600,000 (subject to adjustments) ("**Purchase Consideration**", and such acquisition, "**Acquisition**")¹. Prime US REIT Manager is the proposed manager of Prime US REIT, a US commercial real estate investment trust which is intended to be a real estate investment trust listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"); and
- (ii) entered into a shareholders' agreement in relation to Prime US REIT Manager.

In addition, a wholly-owned subsidiary of Keppel Capital has entered into a subscription agreement with Prime US REIT Manager to subscribe for units in Prime US REIT, such that Keppel Capital would hold 6.765% of the units in Prime US REIT (the "**Keppel Units**") immediately following the completion of the initial public offering of Prime US REIT (the "**Subscription**"). The consideration payable for the Keppel Units is USD55,000,000 and shall be paid in cash.

2. Prime US REIT

Prime US REIT will have an investment strategy of principally investing, directly or indirectly, in stabilised income-producing office assets, and real estate-related assets, in the United States. The initial public offering portfolio will consist of 11 office assets which will be injected into Prime US REIT by KBS Real Estate Investment Trust III, Inc.

The Prime US REIT Manager has today lodged the preliminary prospectus of Prime US REIT with the Monetary Authority of Singapore ("**MAS**").

¹ The Purchase Consideration was arrived at on a willing-buyer, willing-seller basis, taking into account the projected net income before tax of the Prime US REIT Manager.

3. Conditions Precedent

The Subscription is conditional upon, amongst others, the registration of the final prospectus of Prime US REIT by the MAS and the entry into of the underwriting agreements between the Prime US REIT Manager and the underwriters for the initial public offering of Prime US REIT.

The Acquisition is subject to the listing and admission to trading of the units of Prime US REIT on the SGX-ST.

4. Shareholders of Prime US REIT Manager

The shareholders of Prime US REIT Manager are KAP, Keppel Capital Two, and Experion Holdings Pte. Ltd. ("**Experion**") and they each hold a 60.0%, 30.0% and 10.0% stake, respectively, in the Prime US REIT Manager. KAP has agreed to grant a call option to Times Properties Private Limited ("**Times**") over a 20% stake in the Prime US REIT Manager ("**Option Shares**"), pursuant to which Times has the right to require KAP to sell to it the Option Shares during the period commencing on the date that the MAS approves of the application for Times to be a substantial shareholder of the Prime US REIT Manager ("**MAS Approval**") in accordance with the Guidelines on Fit and Proper Criteria issued by the MAS (such date, "**MAS Approval Date**"), and ending on the date falling three months after the MAS Approval Date.

The shareholders of KAP are: (i) P Bren KAP I, LLC, which holds 33 $\frac{1}{3}$ % of KAP and which is directly owned by Linda Bren 2017 Trust; (ii) Schreiber KAP I, LLC, which holds 33 $\frac{1}{3}$ % of KAP and which is indirectly controlled by Charles J. Schreiber Jr.; (iii) Rana KAP I, Pte. Ltd., which holds 16 $\frac{2}{3}$ % of KAP and which is wholly-owned by Rahul Rana; and (iv) R Bren KAP I, LLC, which holds 16 $\frac{2}{3}$ % of KAP and which is indirectly controlled by Richard Bren.

Times is a wholly-owned subsidiary of Singapore Press Holdings Limited ("**SPH**"), a company listed on the SGX-ST.

Experion is a wholly-owned subsidiary of AT Holdings Pte. Ltd., a company founded by Mr Arvind Tikur.

5. Rationale

The Acquisition allows Keppel Capital to deepen its participation in the US commercial sector which is the largest market globally and continues to expand the contribution of recurring asset management profits for Keppel Group. The joint venture also strengthens the profile of Keppel Capital as a global asset manager and expands its geographic footprint in the US market with a portfolio of 11 quality, stabilised assets strategically located in nine key primary office markets across the US.

6. Financial Effects

The Acquisition and the Subscription are not expected to have any material impact on the earnings per share or net tangible assets per share of KCL for the current financial year.

7. Interests of Directors and Controlling Shareholders

None of the directors or controlling shareholders of KCL has any interest, direct or indirect, in the Acquisition and the Subscription, other than through their shareholding in KCL. Dr. Lee Boon Yang is the chairman of the board of directors of both KCL and SPH.

IMPORTANT NOTICE

This announcement does not constitute an offer, invitation to purchase or subscribe for or solicitation of units in Prime US REIT (“Units”) in Singapore or any other jurisdiction nor should it or any part of it form the basis of, or be relied upon in any connection with, any contract or commitment whatsoever. The information in this announcement is qualified in its entirety by, and is subject to, the more detailed information to be set out in the final prospectus of Prime US REIT (the “**Final Prospectus**”) to be registered by the MAS. The information presented in this announcement is subject to change. Anyone wishing to purchase Units should read the Final Prospectus before deciding whether to purchase Units and will need to make an application in the manner set out in the Final Prospectus. Any decision to purchase Units should be made solely on the basis of information contained in the Final Prospectus and no reliance should be placed on any information other than that contained in the Final Prospectus.