

Responses to shareholders on substantial and relevant questions raised for Keppel Corporation's Extraordinary General Meeting

Singapore, 9 December 2021 – Keppel Corporation Limited (“Keppel” and the “Company”) would like to thank shareholders for submitting questions ahead of the Company's Extraordinary General Meeting (EGM) to be held by electronic means on Thursday, 9 December 2021 at 10.30 a.m. (Singapore Time).

Due to overlaps in several of the questions received, the Company will not be providing responses to every question. Instead, responses to substantial and relevant questions have been set out via the following topics:

1. Keppel's Strategy & Vision 2030
2. Proposed Acquisition of SPH
3. SPH REIT
4. Others

Please refer to the Company's responses set out in **Appendix 1**.

By Order of the Board

Caroline Chang/Kenny Lee
Company Secretaries
9 December 2021

Disclaimer

These responses are for information purposes only and do not have regard to your specific investment objectives, financial situation or your particular needs. Any information in these responses 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. The past performance of Keppel is not indicative of the future performance of Keppel.

Certain statements in these responses 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 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's present and future business strategies and the environment in which Keppel 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 these responses. 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 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 these responses or its contents or otherwise arising in connection with these responses. None of Keppel 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 these responses 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 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 these responses on the other, the Joint Announcements and the Circular shall prevail. All capitalised terms not defined in these responses shall have the meanings ascribed to them in the Joint Announcements and the Circular.

Responsibility Statement

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

Appendix 1

KEPPEL'S STRATEGY & VISION 2030

S/N	Question	Response
1	<p>How does the proposed SPH acquisition fit in with Keppel's strategy and Vision 2030?</p> <p>Can you elaborate on the synergies between Keppel & SPH?</p>	<p>The proposed acquisition of SPH is very much in line with Keppel's Vision 2030, where we seek to grow Keppel's business as a provider of solutions for sustainable urbanisation through organic and inorganic options.</p> <p>SPH possesses a quality portfolio of businesses and assets which are strongly aligned with Keppel's business and will complement and strengthen three out of Keppel's four focus areas, namely Urban Development, Connectivity and Asset Management. These include SPH's businesses and assets such as Purpose-built Student Accommodation (PBSA), senior living, stakes in SPH REIT and its REIT manager as well as other development assets.</p> <p>The proposed acquisition of SPH would also allow Keppel to consolidate its existing ownership of M1 and the Genting Lane data centre asset, which are currently jointly owned. Keppel is uniquely positioned to enhance and unlock the value of SPH's assets and operations by harnessing the synergies of the larger Keppel ecosystem, including leveraging Keppel Capital as a platform for capital recycling and tapping third-party funds for growth.</p> <p>The acquisition of SPH will complement Keppel Land's plans to move beyond a traditional developer model to providing urban development solutions. It would also accelerate Keppel's expansion into the highly resilient and fast-growing student accommodation and senior living sectors, where SPH has established a strong track record and presence.</p> <p>Keppel Capital's pro forma assets under management (AUM) can potentially grow by about 27% from about S\$37 billion as at end-2020 to around S\$47 billion following the acquisition, through the addition of SPH REIT's AUM, PBSA, senior living and other assets. This is expected to further enhance the asset management platform under Keppel Capital, improving the diversity of its asset classes, as well as increasing recurring fee-based and investment income.</p> <p>In addition, the proposed transaction would allow Keppel to acquire a strategic stake in SPH REIT and full ownership of its REIT manager, which will provide a retail-focused vehicle to augment Keppel Capital's stable of offerings and provide a natural platform for the recycling of Keppel's retail assets.</p>

2	Are you able to quantify the estimated synergy with SPH in terms of revenue and cost savings from the acquisition? Will the acquisition be earnings accretive?	<p>We are unable to provide a forecast of revenue and cost savings arising from the proposed transaction.</p> <p>However, we have disclosed that if the transaction is successful:</p> <ul style="list-style-type: none"> • It would be accretive to Earnings per Share (EPS) on a pro-forma basis.^{1, 2} • The pro-forma contribution from recurring income to Keppel's total PATMI would increase from 51% to 56%.^{1, 3}
3	How does the acquisition of SPH tie in with Keppel's strategy to be asset light?	<p>The proposed acquisition of SPH fits in well with Keppel's capital recycling model as many of SPH's assets, including real estate, are stabilised and well-suited for recycling.</p> <p>The SPH portfolio will provide a ready and sizeable pool of assets that can feed into Keppel's Asset Management business, most of which are ready for monetisation either immediately or within the next three years. For instance, the PBSA portfolio can potentially be put into a REIT or securitised through private equity funds. This will also allow us to create more fee income opportunities and enjoy valuation upside as we execute our recycling plan.</p> <p>We will also explore the monetisation of certain non-core assets and liquid investments which may not fit in Keppel's strategy.</p>

¹ This statement on growth in earnings per share ("EPS") and recurring income contribution is not intended as a profit forecast and should not be construed as such. This statement should not be interpreted to mean that its value in any future financial period will necessarily be greater than those for the relevant preceding financial period. In computing the financial impact of the Proposed Transaction on pro forma EPS, financial statements for different financial year ends and different financial years were used (being the financial year ended 31 Dec 2020 for the Group and the financial year ended 31 Aug 2021 for the SPH Group). In computing the financial impact of the Proposed Transaction on pro forma recurring income contribution, financial statements with different half year ends were used (being 30 Jun 2021 for the Group and 28 Feb 2021 for the SPH Group).

² Based on (a) Keppel's audited consolidated results for the financial year ended 31 Dec 2020, (b) the SPH FY2021 Results (for the financial year ended 31 Aug 2021) and (c) pro-forma financial effects of the DIS on selected financial measures of SPH set out in Appendix B to the Circular, yielding a decrease in loss per share of 3.9 Singapore cents excluding one-off effects due to gains arising from the change in interest in Keppel REIT held by Keppel and excluding restructuring adjustments which include the effect of the assumption of certain liabilities, costs and expenses arising from the Media Business Restructuring.

³ Profit after tax and non-controlling interests ("PATMI"), recurring income excludes gain arising from the change in interest in Keppel REIT held by the Group and finance costs to be incurred due to cash consideration used to fund the transaction.

4	With the acceleration of Vision 2030, when can shareholders see a sustained improvement in Keppel's share price?	<p>We are unable to comment on share price movements, which can be affected by many different factors.</p> <p>We believe that when we achieve our Vision 2030 goals, Keppel will be a valuable company and powerhouse of solutions of sustainable urbanisation with a strong growth trajectory, delivering strong returns, steady recurring income and good dividends.</p> <p>We have also said that given the good progress achieved to date, we are confident of achieving most of our Vision 2030 targets by 2025.</p>
5	How does SPH's retail assets and operations fit in with Keppel's Vision 2030? Is Keppel looking to expand into the retail property sector?	<p>Keppel has an established portfolio of commercial assets including quality retail assets in Singapore and other parts of Asia, such as China and Vietnam.</p> <p>With the proposed acquisition of SPH, Keppel will have an opportunity to broaden its exposure to the retail sector, including through SPH REIT's portfolio, and potentially benefit from the recovery in the retail sector as market conditions improve post-pandemic.</p> <p>The addition of SPH REIT's AUM, amongst other assets, will also enhance the asset management platform under Keppel Capital, improving the diversity of its asset classes, increasing recurring fee-based and investment income as well as providing a natural platform for the recycling of Keppel's retail assets.</p>

PROPOSED ACQUISITION OF SPH

S/N	Question	Response
6	<p>Why did Keppel raise the offer price?</p> <p>How was the revised offer price derived?</p> <p>Given that you have raised the price for this transaction, is this still as attractive an investment for Keppel?</p>	<p>We continue to hold the view that SPH is a strategic opportunity for Keppel to acquire a quality platform that is strongly aligned and complementary to Keppel's business model and capabilities.</p> <p>At the Final Consideration, the proposed transaction remains attractive and earnings accretive on a pro forma basis for Keppel.</p> <p>We have taken into account the following developments since the initial offer in August 2021 when deciding to increase the offer:</p> <ul style="list-style-type: none"> Global economic conditions have continued to strengthen; SPH's performance improved as disclosed at its full year results briefing; and additional synergies between Keppel and SPH have been identified, allowing Keppel to make a higher offer for SPH's portfolio.

		<ul style="list-style-type: none"> Specifically, the retail outlook has improved, as evidenced by the 11% increase in SPH REIT's unit price since the 2 August 2021 announcement until 9 November 2021. SPH's PBSA performance has also continued to demonstrate resilience. This is evident from the approximately S\$35 million in fair value gains on the book value of its assets from 31 August 2020 to 31 August 2021. <p>In addition, Keppel has remained disciplined in making our final offer:</p> <ul style="list-style-type: none"> We have maintained the same structure of offering cash and Keppel REIT units, but increased the cash component, while SPH continues to undertake a distribution in-specie of SPH REIT units. The higher cash consideration is expected to increase Keppel's net gearing post-transaction by only 0.03x. Keppel's pro forma net gearing is expected to remain below 1x post transaction⁴.
7	<p>What is the expected impact of the transaction on Keppel's net asset value and earnings per share (EPS)?</p> <p>How much do you expect EPS to improve in the next 1-3 years?</p>	<p>We do not provide a forecast of earnings. However, we have disclosed that:</p> <ul style="list-style-type: none"> On a pro forma basis, assuming the Proposed Transaction had been effected on 31 December 2020, FY 2020's net tangible asset per share is expected to decrease from S\$5.02 per share to S\$4.87⁵ per share. On a pro forma basis, assuming the Proposed Transaction had been effected on 1 January 2020, FY 2020's loss per share is expected to decrease from 27.8 Singapore cents per share to 23.9⁶ Singapore cents per share.

⁴ In projecting the pro forma net gearing of the Company post-transaction, the net gearing of the Company as at 30 June 2021 was used, assuming that the Proposed Transaction had been effected on 30 June 2021.

⁵ In computing the financial impact of the Proposed Transaction on pro forma NTA, financial statements for different financial year ends and different financial years were used (being the financial year ended 31 December 2020 for the Group and the financial year ended 31 August 2021 for the SPH Group).

⁶ Excludes one-off effects due to gains arising from the change in interest in Keppel REIT held by the Group. If the gain had been included, the net loss would be approximately S\$431 million, and loss per share would be approximately 23.7 Singapore cents. Excludes restructuring adjustments which include the effect of the assumption of certain liabilities, costs and expenses arising from the Media Business Restructuring. In computing the financial impact of the Proposed Transaction on pro forma net loss and loss per share, financial statements for different financial year ends and different financial years were used (being the financial year ended 31 December 2020 for the Group and the financial year ended 31 August 2021 for the SPH Group).

8	<p>What is the expected value of goodwill to be recognised from the acquisition of SPH? How long is the period over which it would be amortised?</p>	<p>Assuming the acquisition is successful, and in accordance with accounting standards, Keppel will perform a purchase price allocation during which the acquired assets and liabilities of SPH will be fair valued, other intangible assets, if any, will be determined, and goodwill, if any, will be computed. Goodwill is not amortised and is instead assessed for impairment annually. Other intangibles will be amortised over their useful lives.</p>
9	<p>Will Keppel consider raising its offer price further?</p>	<p>While we believe this is an attractive acquisition, we have emphasised that Keppel will remain very disciplined and will not acquire SPH at any cost. Hence, we have made it clear that the increased consideration is final and would not be further increased.</p>
10	<p>What will be the impact of this transaction on dividends? How is Keppel looking at rewarding its shareholders?</p>	<p>We understand that dividends are very important to our shareholders. We are committed to rewarding shareholders, as shareholders would have seen from this year's interim dividend of 12.0 cents per share.</p> <p>While we do not have a dividend policy, Keppel has typically been paying out around 40-50% of net profits as dividends each year. The proposed acquisition of SPH is part of our efforts to improve the quality of our earnings by increasing the recurring income base from which we can pay dividends.</p> <p>Under our Vision 2030 asset monetisation programme, we have announced about S\$2.4 billion in asset monetisation since October 2020, and received about S\$1.6 billion of this in cash as at end September 2021. We have also announced that we are on track to exceed our S\$5 billion target by the end of 2023.</p> <p>The substantial capital unlocked from asset monetisation programme would allow us to fuel Keppel's organic and inorganic growth plans, especially in areas such as renewables and decarbonisation solutions, and also reward shareholders for their continued confidence in the Company.</p>

11	<p>Should Keppel succeed in acquiring SPH, this would raise Keppel's gearing.</p> <p>Would Keppel have enough headroom to pursue other attractive investment opportunities? How does Keppel plan to reduce its net gearing post-transaction?</p>	<p>Following the SPH acquisition, Keppel's pro forma net gearing is expected to remain below 1x.⁷ We will have sufficient capacity to pursue other acquisitions and investment opportunities.</p> <p>We have announced that our asset monetisation plan is progressing very well, and we expect to exceed our target of S\$5 billion in asset monetisation by end-2023. With continuing asset monetisation, we would be able to further lower our net gearing looking ahead.</p>
12	<p>If the proposed acquisition is successful, what are your plans for integration and how long would the process be? Is integration expected to be costly?</p>	<p>We have an integration plan which can be implemented fairly quickly once the proposed acquisition is completed. The cost of integration is not expected to be excessive.</p>
13	<p>What is next for Keppel, if the SPH shareholders do not approve the proposed transaction?</p>	<p>We will not speculate on what Keppel would do if the proposed acquisition is not successful. Suffice to say that the SPH deal is one of several exciting Merger & Acquisition opportunities across our Vision 2030 growth areas, including areas such as renewables and decarbonisation solutions. We will continue to explore organic and inorganic options to grow Keppel's business.</p>

SPH REIT

S/N	Question	Response
14	<p>Are there plans to delist SPH REIT, if the acquisition of SPH is successful?</p>	<p>There are no plans to delist SPH REIT, should the acquisition of SPH be successful.</p> <p>In fact, as part of Keppel's proposed Scheme of Arrangement, SPH will be distributing in specie about 45% of its stake in SPH REIT to SPH shareholders, which we believe will benefit SPH REIT given the improvement in its liquidity in the market. If the Scheme is successful, Keppel will only retain an approximately 20% stake in SPH REIT.</p>

⁷ In projecting the pro forma net gearing of the Company post-transaction, the net gearing of the Company as at 30 June 2021 was used, assuming that the Proposed Transaction had been effected on 30 June 2021.

15	<p>Has Keppel considered making a chain offer for SPH REIT since the REIT is seen as a valuable asset management platform?</p> <p>If the proposed acquisition of SPH is not accepted by SPH shareholders, can Keppel still make a separate offer for SPH REIT?</p>	<p>A chain offer for SPH REIT was not part of Keppel's Scheme consideration as it was intended for SPH to distribute a substantial 45% stake in SPH REIT units to SPH shareholders via a distribution in specie, with Keppel retaining a 20% strategic stake in SPH REIT post transaction.</p> <p>We will not speculate on the outcome of the Scheme Meeting to be convened by SPH.</p>
16	<p>Which of Keppel's retail assets could potentially be injected into SPH REIT should Keppel's acquisition of SPH be successful?</p>	<p>Should the proposed acquisition of SPH be successful, SPH REIT will be a natural platform for recycling retail assets such as i12 Katong, Seletar Mall and Woodleigh Mall in Singapore, as well as Keppel Land's other retail developments in Asia, including Saigon Centre in Ho Chi Minh City.</p>

OTHERS

S/N	Question	Response
17	<p>SPH has about S\$3.1 billion in borrowings as at August 2021. Will Keppel have to bear this liability if the acquisition is successful?</p>	<p>As at August 2021, SPH has total borrowings of approximately S\$3.1 billion, cash of approximately S\$0.7 billion and perpetual securities of approximately S\$0.5 billion.</p> <p>Should the acquisition be successful, these amounts after adjusting for the deconsolidation of SPH REIT's debt and cash will be transferred to Keppel. The approximately S\$0.5 billion in perpetual securities will be accounted for as equity.</p>
18	<p>Does Keppel need to raise equity to fund the acquisition of SPH, which could be dilutive to shareholders?</p>	<p>No, we do not need to raise equity to fund the acquisition of SPH.</p> <p>For the cash component of the offer, we will be drawing from our various sources of funds such as internal cash, bank borrowings, recently raised funds from the issuance of subordinated perpetual securities, and/or bonds to fund the approximately S\$1.4 billion of cash consideration. Importantly, as we have said, the substantial capital unlocked from our Vision 2030 asset monetisation programme would allow us to fuel Keppel's organic and inorganic growth plans, and also reward shareholders for their continued confidence in the Company.</p>

19	Should the acquisition of SPH be successful, would SPH's board and employees be integrated as part of Keppel?	Keppel is committed to work with SPH to integrate SPH's employees into our operations should the transaction be successful. We will only look into human resource matters after the acquisition is completed.
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